Unama'ki – Cape Breton Economic Impact and Growth Potential of Year-Round Tourism Sector Operations

Prepared by KPMG for the Cape Breton Partnership

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Executive Summary

PROJECT BACKGROUND AND OBJECTIVES

The Cape Breton Partnership (CBP) engaged KPMG LLP (KPMG) to conduct an Economic Impact Assessment (EIA) of the current state of Unama'ki Cape Breton Island's (CBI) tourism sector and quantify the growth potential for the region under various future state scenarios, such as an expansion of year-round tourism operations.

The objectives of project are:

1. Quantify the current state of tourism on Unama'ki Cape Breton Island, including direct, indirect and induced impacts.

2. Estimate the incremental economic impact of various future state scenarios where key growth levers for the tourism sector have been enabled.

KEY FINDINGS[1]

- Unama'ki Cape Breton Island's tourism sector is a robust economic driver to the local region and province.

- In its current state, Unama'ki Cape Breton Island's tourism sector is estimated to generate total output of approximately $575M – $721M.

- Unama'ki Cape Breton Island's tourism sector accounts for almost 20% of Nova Scotia's tourism sector output; exceeding its relative population share.

- CBI's tourism sector has a higher impact per dollar compared to the rest of the province: $1 of visitor spend in Unama'ki Cape Breton Island generates up to $2.63 of total output across the economy, compared to $2.20 in the rest of Nova Scotia.

- There is significant unrealized potential for the sector if growth is realized, which could total to an additional $125M – $512M in output alone.

- Up to 44% of this additional output could be realized by attracting visitors who stay longer, all else being held constant.

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[1] All impacts are considered to be estimates for 2023 values, presented in 2022 real dollars.

CURRENT STATE RESULTS

Key figures from Unama'ki Cape Breton Island's current state impacts are presented below:

Reference: Table 9 - Comparison of Unama'ki Cape Breton Island and Nova Scotia tourism impacts

Indicator	Unama'ki CBI	Nova Scotia	Share of Unama'ki CBI to Nova Scotia
Population	132K	969K	**13.6%**
Annual visitors	422K – 551K	2.2M – 2.7M	**20%**
Tourism Output	$575M – $721M	$3.1B – $4.0B	**18% – 19%**
Tourism GDP	$306M – $383M	$1.6B – $2.1B	**18% – 19%**
Tourism Taxes	$35M – $43M	$184M – $236M	**18% – 19%**
Tourism Jobs[2]	6.8K – 8.5K	36K – 49K	**17% – 19%**

Source: KPMG Analysis

The table above illustrates Unama'ki Cape Breton Island's tourism impacts far exceed their relative population share to Nova Scotia. While Unama'ki Cape Breton Island accounts for approximately 13.6% of Nova Scotia's population, it attracts about 20% of the visitors. Further, Unama'ki Cape Breton Island's tourism sector accounts for 17% - 19% of the province's tourism output, GDP, taxes, and jobs.

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[2] Job impacts are presented per $1M of output.

Reference: Table 14 - Impacts per dollar

Indicator	Unama'ki CBI	Rest of Nova Scotia[3]	All of Nova Scotia[4]
Tourism Output	$2.62 – $2.63	$2.0 – $2.2	$2.1 – $2.2
Tourism GDP	$1.39 – $1.40	$1.1 – $1.2	$1.1 – $1.2
Tourism Taxes	$0.16	$0.12	$0.13
Tourism Jobs[5]	31	24 – 27	25 – 27

Source: KPMG Analysis

The table above illustrates the strength of impacts per dollar for Unama'ki Cape Breton Island's tourism sector compared to Nova Scotia's. A dollar of visitor spend in Unama'ki Cape Breton Island generates higher tourism output, GDP, taxes, and jobs than Nova Scotia.

FUTURE STATE OPPORTUNITIES/IMPACTS

Four future state, growth scenarios were explored where mutually exclusive, visitation variables were modified holding all else constant (e.g., only one visitation variable is modified in isolation per scenario). The scenarios selected include:

Scenario 1: Growth in year-round Tourism	Scenario 2: Longer trip Duration
Description: This scenario explores a future where Unama'ki Cape Breton Island experiences increased visitation during its off-season/winter months from November to March	**Description:** This scenario estimates the impacts of visitors spending more time on the Island.
Rationale: Based on stakeholder insights expressing the desire for year-round operation and case studies from Whistler (a four-season destination) and Banff National Park (a seasonal destination with more established winter tourism).	**Rationale:** Stakeholders expressed that tourists consider the Cabot Trail region as a scenic drive rather than a destination. Additionally, tourism in non-Cabot Trail regions, which could encourage longer stays and excursions, are less well-known. Data from Tourism Nova Scotia also supports the possibility of increasing trip duration.

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[3] Excluding Unama'ki Cape Breton Island's share of the tourism sector.
[4] Including Unama'ki Cape Breton Island's contribution to the tourism sector.
[5] Job impacts are presented per $1M of visitor expenditure.

	Scenario 3: Focusing on high impact subsectors		Scenario 4: Attracting high value visitors.
Description: This scenario estimates the impacts of changing the composition of Unama'ki Cape Breton Island's subsectors towards "higher impact" subsectors.			**Description:** This scenario estimates the impacts of attracting visitors who spend more while visiting Unama'ki Cape Breton Island.
Rationale: Unama'ki Cape Breton Island's largest tourism operators are substantially investing in expanding their activity offerings and accommodations. This scenario shows how growth in subsectors could affect impacts.			**Rationale:** Based on stakeholder insights expressing the desire to attract and diversify their consumer demographic, as well as data from Tourism Nova Scotia which also supports potential growth of increasing average visitor expenditure.

The assessment of the scenarios is presented below:

Reference: Table 15 - Scenario Analysis Impacts Summary

Scenario	Range of additional impacts on total output	% increase from baseline output	Impact assessment
Scenario 1: Year-round tourism	$31M – $137M	5% – 24%	Strong
Scenario 2: Longer trip duration	$63M – $252M	11% – 44%	Very Strong
Scenario 3: Focusing on high-impact subsectors	$2M – $8M	0.2% – 1.4%	Weak
Scenario 4: Attracting higher value visitors	$29M – $115M	5% – 20%	Strong
Total potential growth opportunity: $125M – $512M (22% – 89%)			

Source: KPMG Analysis

Based on the analysis, the future impacts generated showed strong potential for economic growth if realized. Almost half of the total potential impact could be realized by attracting visitors who stay longer, all else being held constant.

PATHWAY FORWARD

The results of this project indicate that tourism is a significant driver of Unama'ki Cape Breton Island's economy and Nova Scotia's economy more broadly. Tourism spending and activities in the region provide greater value dollar-for-dollar compared to impacts generated in the rest of the province.

There remains substantial opportunity for growth, as the future state scenario analysis supports. To strengthen the future of the sector, key stakeholders can focus on the following:

1   *Capitalization on key growth areas* through the following <u>initiatives</u>:

🗨	Marketing towards first-time and out-of-province visitors
🧳	Promote Cabot Trail as a destination rather than a drive
📍	Promote non-Cabot Trail attractions and destinations
👥	Incentivize year-round operation for tourism providers

In order to facilitate these growth areas and initiatives, consideration in mitigating current barriers will be needed. Three prevalent current barriers that would inhibit these initiatives are:

- Bill 191, which provides tourism businesses a tax incentive for seasonal closures.

- The sector's dependency on employment insurance, which exacerbates seasonality.

- Inadequate infrastructure, which currently limits tourism provider's growth and ability to operate year-round

2 *Improved measurement monitoring* to increase the accuracy and granularity of collected data for future studies through the following five <u>strategies:</u>

🖼️	Improve monitoring of seasonal visitation
🔍	Study indirect tourism providers
📋	Longitudinal tourism operator studies
👥	Deepen understanding of consumer profiles
🤝	Municipal/community level partnerships

Cooperation and partnership with stakeholders across the public and private sector will likely be required to enable these strategies, and CBP may choose to focus on specific ones to accelerate these conversations. Actioning these strategies will also allow CBP and key stakeholders to derive actionable insights on the economic impacts generated by specific areas in Unama'ki Cape Breton Island, such as the Cabot Trail or specific municipalities.

1. Introduction

1.1 PROJECT OVERVIEW

The Cape Breton Partnership (CBP) sought an economic impact assessment of Unama'ki Cape Breton Island, an area that is currently dependent on seasonal tourism but with significant economic potential. KPMG LLP (KPMG) was engaged by Cape Breton Partnership to conduct an Economic Impact Assessment (EIA) of the current state of Unama'ki Cape Breton Island's tourism sector and quantify the growth potential for the region under various future state scenarios, such as an expansion of year-round tourism operations. The EIA's aim was to evaluate economic and socio-economic indicators to determine Unama'ki Cape Breton Island's current activity and its historical causes before highlighting areas for future growth given growth in visitation.

1.2 PROJECT BACKGROUND

The initial vision for this project was to assess the economic impact of tourism generated by the historic Cabot Trail. However, due to a lack of accessible economic and visitation data on the Cabot Trail separate from Unama'ki Cape Breton Island as a whole, the scope of the EIA was expanded to assess the entire Unama'ki Cape Breton Island region.

1.2.1 THE CABOT TRAIL

The Cabot Trail is one of Unama'ki Cape Breton Island's key highlights as a tourist attraction; it is a 298-km loop encompassing a mix of roadway, paths, and stairs along the mountains and sea, and it is recommended to plan several days to a week to enjoy the trail in its entirety. As a result, the Cabot Trail generates economic activity in the region through accommodations, food, and other accompanying tourist sites.

Currently, the Cabot Trail is limited by its seasonal access, which limits its economic potential. Areas dependent on tourism face challenges with generating economic activity during their off months, particularly in the winter. However transitioning attractions from seasonal to year-round requires significant private investment, public support, and a detailed, descriptive, and evidence-based plan to ensure any service barriers can be addressed.

1.2.2 NON-CABOT TRAIL REGIONS

While the Cabot Trail may encompass a cluster of tourist operators and activity, it is not reflective of the entire economic region in Unama'ki Cape Breton Island. The island is made up of many other counties and municipalities located off the Cabot Trail that serve the tourism sector, including:

- Richmond County
- Town of Port Hawkesbury
- Membertou
- We'koqma'q
- Potlotek
- Wagmatcook

- Eskasoni

- Cape Breton Regional Municipality

Each of these regions have their own unique set of economic activities that contribute to the overall tourism sector on Unama'ki Cape Breton Island. As such, this analysis measures the impacts generated by overall tourism activity on the island, not just from the Cabot Trail.

1.3   OBJECTIVES AND OUTPUTS

The objectives of this project are:

1. Quantify the current state of tourism on Unama'ki Cape Breton Island

2. Estimate the incremental economic impact of various future state scenarios where key growth levers for the tourism sector have been enabled.

To perform a comprehensive economic impact assessment, KPMG quantified the direct, indirect and induced economic impacts generated through tourism activities on Unama'ki Cape Breton Island. These impacts are described in Figure 1 below:

Figure 1: Economic impacts of tourism

Induced Impacts

Economic output driven from the spending and reinvestment of the additional employment and business income earned in both direct and indirect tourism sectors.

Direct Impacts

Economic activities generated by sectors that provide goods and services directly to visitors. These include Unama'ki Cape Breton accommodation, ski-hills, cruise liners, restaurants, retail stores, and transportation services (car rentals, tour buses, etc.)

Indirect impacts

Economic activities arising from purchases of inputs by the tourism sector from other businesses or sectors that service the sector. These include business-to-business services that support retail and accommodation services as well as maintenance on attractions such as national parks and ski resorts.

Being able to specifically attribute portions of output to direct, indirect, and induced effects are key to fully demonstrating the full impact and capabilities of Unama'ki CBI's tourism sector.

In total the project had four phases and four key deliverables, with additional milestones throughout. Figure 2 below provides a summary of phase objectives and key outputs.

Figure 2 - Overview of project phases

01 Initiation and workplan sign-off

Activies:
- Kick-off meeting
- Submission and sign-off on project plan

Key Output: Project Management Workplan

02 Data collection, collation, and gap analysis

Objectives:
- Extant data analysis
- Condition of publicly available data
- Stakeholder survey/consultations
- Collection strategy

Key Outputs: Data Catalogue, Master Database, and Data Summary Report

03 Measurement framework and impact analysis

Objectives:
- Development and submission of measurement framework with sign-off
- Economic analysis of current state of tourism
- Future state impact analysis

Key Outputs: Measurement Framework, Current and Future State Impact Results

04 Reporting and handover

Objectives:
- Drafting and delivery of draft report
- Incorporation of feedback from Destination Cape Breton
- Delivery of final report
- Delivery of executive presentation

Key Outputs: Final Report and Executive Presentation
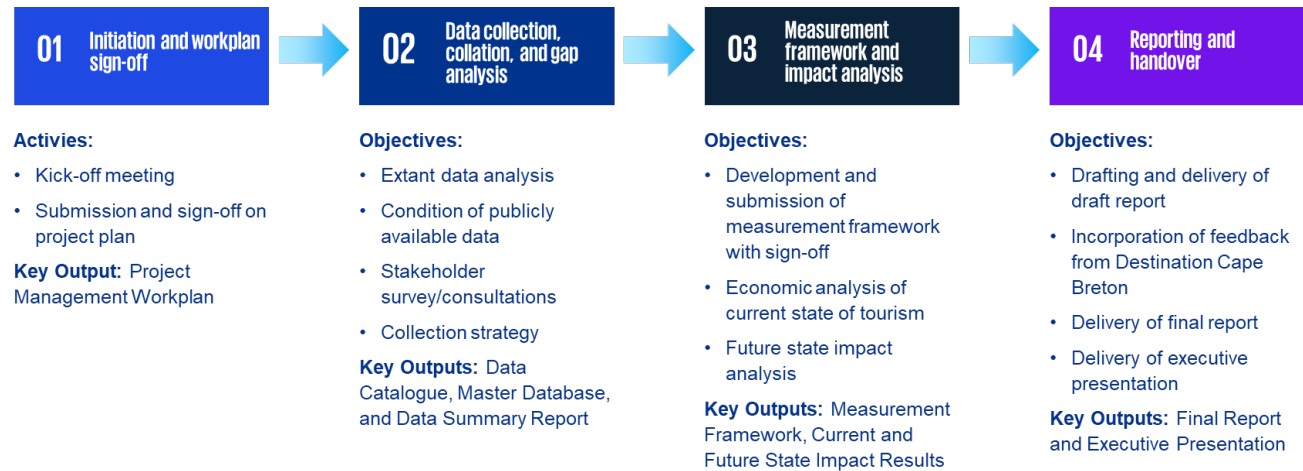
The first phase was focussed on the project kick-off and aligning on the approach and objectives. The purpose of the kick-off meeting included formal introductions, discussion on key datasets, finalization of scope and agreement on key dates for project milestones and deliverables. This phase also included the delivery of a project workplan that detailed all projects tasks and requirements as well as a high-level table of contents for the final report and a preliminary glossary of key concepts and definitions.

In the second phase KPMG undertook a data scan of reference documents and other available data sets that were deemed useful for estimating the historical, present, and future economic impacts of tourism. Concurrent to the data scan, KPMG initiated stakeholder engagement activities, including a questionnaire, survey and on-site visit. All available datasets and documentation from extant sources and stakeholder consultations were then combined into a master database. This data formed the basis for the data summary report which also included a gap analysis that highlighted which indicators suffer from a lack of available or high-quality data, or where data is available for a larger region but not specifically Unama'ki Cape Breton Island (e.g., Nova Scotia).

Phase three consisted of developing and executing the measurement framework for the analysis of the current and future state of tourism on Unama'ki Cape Breton Island. This phase included presentation of the draft current state and future state results to the core CBP project team, where feedback was collected and incorporated on both the metrics presented, as well as the communication/presentation of outputs for the final report and executive presentations.

The final phase ran concurrently to Phase 3 and included the delivery of the draft report. Feedback of the draft report was sought followed by feedback collation and incorporation into a final report. The project culminated with an executive presentation including CBP as well as key project partners, sponsors and stakeholders.

2. Approach and methodology

2.1   IN THIS SECTION

This section provides an in-depth overview of the methodologies used to assess the economic impact of Unama'ki Cape Breton Island's tourism sector. This section outlines the following:

Indicator Selection: To identify key indicators deemed necessary to measure and evaluate Unama'ki CBI's tourism sector during our Measurement Framework modelling and impact analysis.

Data Collection: Compile and synthesize a pool of data sources for the impact modelling.

Measurement Framework: Built to profile the current state impacts of Unama'ki CBI's tourism sector, map Unama'ki CBI's tourism sector and its impact to four future state scenarios and calculate the difference between the two to obtain the incremental impacts.

Modelling Assumptions: Outline the four broad-based assumptions used in the measurement framework.

Limitations: Details the limitations to the model and analysis.

2.2   INDICATOR SELECTION

The first stage of the approach was identifying key indicators (see Table 1 below) needed to measure and evaluate Unama'ki CBI's tourism sector during our Measurement Framework modelling and impact analysis. These indicators informed our data collection activities described in Section 2.3.

Table 1 - Key indicators and definitions

Category	Indicator	Description
Employment	Jobs	Not to be confused with employment, jobs is defined as the number of persons employed plus the number of job vacancies in the economy. As such, the number of jobs will exceed employment. Jobs do not take into consideration nor differentiate between full-time, part-time, casual or seasonal employees.
Productivity	GDP	The total unduplicated value of goods and services produced in the economic territory of a country or region during a given period, expressed in market prices. Market prices is the valuation actually paid by the purchaser, after all applicable taxes and subsidies. Therefore, GDP at market prices is inclusive of taxes described below.
	Output	The value of all sales of goods and services produced in the economic territory of a country or region during a given period; the sum of final purchases and intermediate inputs (i.e., output includes some double counting).
Net government savings	Taxes	Amounts of money received by a government from external sources (i.e., those originating from "outside the government"). For the purposes of this study, taxes comprise both taxes on products and production where: Taxes on products include – • GST/HST • PST Taxes on production include – • Property tax • Taxes on payroll and capital • Cost of business licenses, permits and fees
Consumer profile	Annual visitors	Number of annual visitors to an economic region or site.
	Average visitor expenditure	The average spend of a visitor per trip.
	Annual visitor expenditure	The total visitor expenditure over a year of an economic region or site. Calculated as the average visitor expenditure multiplied by the number of annual visitors.
	Visitor length of stay	The average length of stay (LOS), in days, of a visitor.

Source: Prepared by KPMG

2.3   DATA COLLECTION

The objective of the data collection was to compile and synthesize a pool of data sources for the impact modelling. Our data collection was broken down into five steps to ensure the compilation of a comprehensive data assessment of Unama'ki CBI's tourism sector. Figure 3 below summarizes each step:

Figure 3: Summary of data collection process

The data collection steps are detailed below:

1. **Compilation and scan of reference documents listed in the RFP,** which included:

    a. Nova Scotia Commission on Building Our New Economy, 2014 Ivany Report

    b. #RiseAgain2030, Destination Cape Breton Development Strategy

    c. Adventure Tourism Opportunity Strategy, Destination Cape Breton Report

    d. Island-wide Growth Strategy, Province of Nova Scotia Report

    e. Examine Bill 191: Tax incentive to businesses closing for at least 4 months per year

2. **Extant Data Scan**

At this stage, we sourced publicly available data sources with a focus on finding sources for key economic metrics such as employment, productivity, income, net government savings, and Unama'ki CBI's consumer profile. While we identified a variety of sources, reports, and surveys, our primary sources during the preliminary data scan were:

    a. Statistics Canada data: this was the primary source for most economic indicators such as employment, productivity, income and net government savings.

    b.   Tourism Nova Scotia data: this was the primary source for most consumer profile and visitation statistics through their Nova Scotia Visitor Exit Survey

3. Data requests to our Project Team and key stakeholders

To supplement our extant data scan, we connected with key contacts such as the Cape Breton Island Tourism Training Network (CBITTN) and Parks Canada, for their own data sources. Through this engagement we obtained the following key datasets:

    a.   Parks Canada site data: Parks Canada provided market reports, visitor information program reports, and visitation statistics for their sites on Unama'ki Cape Breton Island.

    b.   Rove Mobile Insights data: collected by Rove Marketing, who tracked visitation for Unama'ki Cape Breton Island through mobile app data.

    c.   Business Count data: we obtained both CBITTN's and CBP's database of tourism operators.

    d.   Historical survey data: CBITTN sent survey results from an Operator Survey and Student Survey they disseminated previously.

4. Stakeholder Consultation

Concurrent to Steps 1-3, we also engaged with tourism operators through in-person interviews and an online questionnaire and mini-survey. The objectives of this engagement were to supplement our qualitative understanding of the seasonality of the sector, key barriers it faces, and evaluate potential future scenarios. Key stakeholders include Keltic Lodge at the Highlands, Destination Cape Smokey, Cabot Cape Breton, the Inverary Inn and Parks Canada. Note that stakeholder engagement was not meant to be representative and will not be treated as such for the purposes of this project.

During in-person consultations the five key stakeholders qualitatively discussed their business operations, consumer profile, barriers to operation, and COVID-19 recovery with a focus on seasonal differences. These consultations were meant to preface the long-form questionnaire. A long-form questionnaire was then disseminated to the same five key stakeholders to obtain quantitative breakdowns of their business operations, consumer profile, barriers to operation, and COVID-19 recovery with a focus on seasonal differences. Respondents were anonymous. With assistance from Cape Breton Island Tourism Training Network (CBITTN), a mini survey was distributed to smaller tourism operators within their networks. The objective of this survey was to obtain insights from a wider range of tourism operators, including smaller businesses, to tease out common themes. The mini-survey was based on our long-form questionnaire, with reduced questions but greater focus on barriers to operation and expansion. Respondents were anonymous.

5. Data Synthesis

The final step of the data collection involved synthesizing identified data into a data catalogue and a master database. The data catalogue synthesized the findings from the compilation and scan of reference documents listed in the RFP and our extant data scan. The catalogue listed data sources for each of the key indicators listed above, and included an assessment of each source's accessibility, frequency of update, and granularity of data. The master database was built upon our Data Catalogue by integrating the rest of the data we requested from CBITTN, CBP, and Parks Canada. The objective was to synthesize most of our data sources

into one comprehensive database. As part of this collation, we assessed our data sources for relevancy and included only those that would be either used in our measurement framework or to validate results. For the Parks Canada data sent to us, this meant we only included portions of their market and visitor information program reports.

Table 2 below presents a summary and overview assessment of all data sources collected. We evaluate the quality of each data source based on the following criteria:

Table 2 - Data summary and assessment

Criteria	Description	Assessment
Data purpose	Defined as how we use the data in the context of this project.	• Background information/qualitative understanding: Will primarily be used to understand the tourism sector at a high-level and may indirectly inform our modelling. • Validation purposes: Will be used to sense-check other data used in our modelling. • Modelling: Will be used in our Measurement Framework.
Frequency of update	Defined as the frequency as which the data is published/collected.	• Annual • Semi-annual • Monthly • Occasional • As needed • One-off
Granularity	An assessment for how specific the data is to Unama'ki CBI's tourism sector.	• High: Data specific to Unama'ki Cape Breton Island's tourism sector. • Medium: Data that is either specific to Unama'ki Cape Breton Island or specific to the tourism sector. • Low: Nova Scotia-wide data not specific to the tourism sector (e.g., economic indicators)
Accessibility	An assessment on the availability of raw, exportable data.	• High: Raw data is available and exportable. • Medium: Some raw data is available and exportable, but not all. • Low: Data in a report or other similar source that is summarized, but not available as raw data/for export.

Source: Prepared by KPMG

In general, based on these criteria, we note:

The data sources leveraged have a tradeoff between granularity and accessibility. Reports and data sources specifically for Unama'ki CBI's tourism sector are often not accessible as raw, exportable data whereas data sources that report more widely on economic indicators at the Nova Scotia-level have greater accessibility. There is significant opportunity to improve data collection at a more granular level.

Where granular data for Unama'ki CBI's tourism sector is not available, several data points are needed to validate and triangulate reasonable approximations. Ideally, data with high granularity, high accessibility, and more frequent updates are needed for modelling purposes (i.e., data sources with low granularity and low accessibility cannot be relied upon for modelling).

Table 3 below is compilation and scan of reference documents listed in the RFP. The data sources at this stage were primarily used for background information and qualitative understanding of Unama'ki CBI and Nova Scotia's tourism sector, their economic growth, and future plans.

Table 3 - Data sources from RFP

Source	Data Purpose	Frequency of Update	Granularity	Accessibility
Nova Scotia Commission on Building Our New Economy, 2014 Ivany Report	Background information/ qualitative understanding	One-off report	Low	Low
#RiseAgain2030, Destination Cape Breton Development Strategy	Modelling/qualitative understanding	One-off report	Medium	Low
Adventure Tourism Opportunity Strategy, Destination Cape Breton Report	Background information/qualitative understanding	One-off report	High	Low
Island-wide Growth Strategy, Province of Nova Scotia Report	Background information/qualitative understanding	One-off report	Low	Low
Examine Bill 191: Tax incentive to businesses closing for at least 4 months per year	Background information/qualitative understanding	One-off report	Low	Low

Source: Prepared by KPMG

Table 4 below demonstrates that the data sources from our extant scan were generally high-quality data (e.g., granular and accessible) and could be used for our modelling and impact analysis.

Table 4 - Data sources from extant scan

Source	Data Purpose	Frequency of Update	Granularity	Accessibility
Statistics Canada: multiple data sets	Modelling	Dependent on the data set	Medium - High: dependent on the data set	High
Tourism Nova Scotia: 2019 Visitor Exit Survey and related reports	Modelling	Every two years/as needed	Medium	Medium – High: dependent on the data set

Source: Prepared by KPMG

Table 5 demonstrates data requests from the KPMG and CBP teams and key stakeholders generally yielded a range of data sources that could be used for background information/qualitative understanding, validation measures, and modelling. In terms of defining the Unama'ki CBI tourism sector and its operators, the Dunn & Bradstreet Business Count Data (based off Statistics Canada) is a key source.

Table 5 - Data requests from project team and key stakeholders

Source	Data Purpose	Frequency of Update	Granularity	Accessibility
Parks Canada Site Data: multiple reports/data sets	Modelling AND Validation measure	Dependent on the report/data set	High	Medium – High: dependent on the data set
Rove Mobile Insights data	Background information/qualitative understanding AND Validation measure	One-off collection	High	High
CBITTN Business Count Data	Background information/qualitative understanding AND Validation measure	Occasional/as needed	High	High
Dunn & Bradstreet Business Count Data (based off Statistics Canada)	Modelling	Semi-annual	High	High
CBITTN Tourism Operator Survey	Background information/qualitative understanding	One-off survey	High	High
CBITTN Tourism Student Survey	Background information/qualitative understanding	One-off survey	High	High
Strait Area of Commerce Economic Development Strategy Presentation	Modelling AND Validation measure	One-off presentation	High	Medium
CBITTN Tourist Experience Survey (Preliminary Results)	Validation measure	One-off survey	High	Medium

Source: Prepared by KPMG

Table 6 shows our stakeholder questionnaires that fed into our model and its validation.

Table 6 - Data from stakeholder questionnaire

Source	Data Purpose	Frequency of Update	Granularity	Accessibility
In-person consultation	Background information/qualitative understanding	One-off consultation	High	Low
Long-form questionnaire	Modelling AND Validation measure	One-off questionnaire	High	High
Short-form questionnaire	Modelling AND Validation measure	One-off questionnaire	High	High

*Source: Prepared by KPMG*

2.4   MEASUREMENT FRAMEWORK

The objective of the impact measurement is to quantify the economic impact of Unama'ki Cape Breton Island's tourism sector in its current state and under four different future state, growth scenarios. The measurement framework to measure the impact must accomplish the following:

1. Profile the current state impacts of Unama'ki CBI's tourism sector.

2. Map Unama'ki CBI's tourism sector and its impact to four future state scenarios, each based on pain points from stakeholder consultation and the model framework.

3. Calculate the *difference* in impacts between #2 and #1 to obtain the **incremental impacts**.

2.4.1   CURRENT STATE ANALYSIS

The current state of economic impacts driven by tourism in Unama'ki Cape Breton Island was quantified using a hybrid top-down and bottom-up approach. We used a top-down modelling approach to calculate economic indicators and the economic impact multipliers, whereas a bottom-up approach was used to calculate annual tourism spend. Combining the two produced the visitor spend multiplier on both a per dollar and per visitor basis. This approach is summarized below in Figure 4.

Figure 4 - Top-down, bottom-up approach
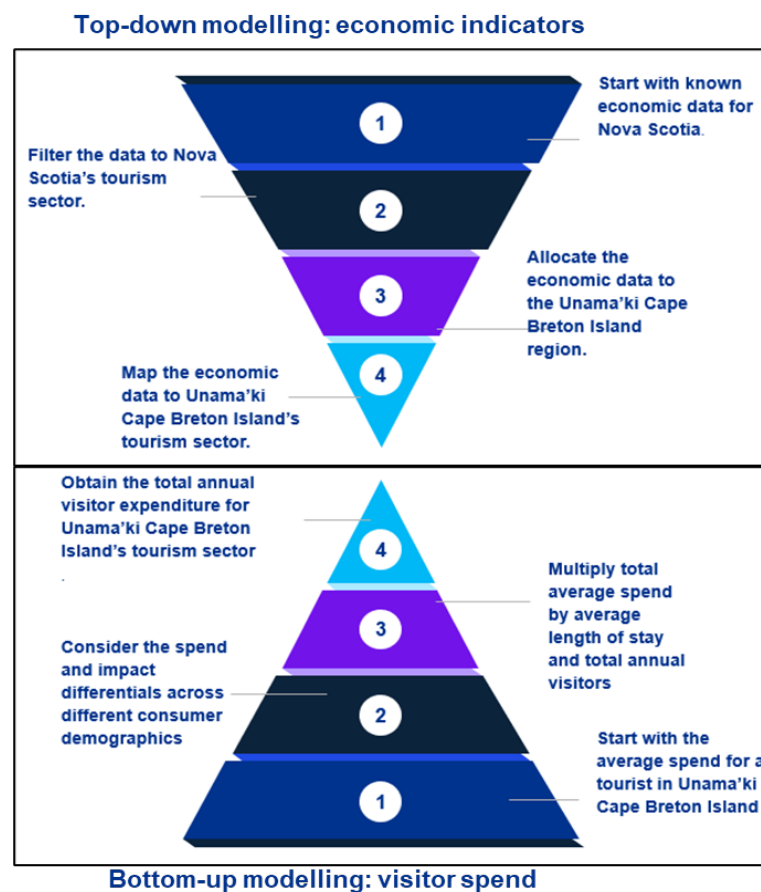
The top-down modelling consisted of the following steps:

- Step 1: To determine GDP we began with known data for Nova Scotia, leveraging Statistics Canada datasets.

- Step 2: We then filtered the data down from the overall economy to the broad tourism sector, using business count and employee estimate allocation keys to get to the data.

- Step 3: We then allocated the tourism sector data to the Unama'ki Cape Breton Island region based on the business count and employee estimate allocation keys.

- Step 4: Finally, we filtered the data even further, mapping it specifically to Unama'ki Cape Breton Island's tourist subsectors.

To determine visitor spend we used a bottom-up approach, consisting of the following steps:

- Step 1: We leveraged Tourism Nova Scotia and Cruise Lines International Association data to obtain the average spend for a tourist on Unama'ki Cape Breton Island.

- Step 2: We profiled an average visitor to understand their consumer demographics and their relationship to visitor expenditure. For instance, cruise ship passenger-visitors have a different average spend per trip than air and road visitors.

- Step 3: We leveraged Tourism Nova Scotia data on the average length of stay for a tourist on Unama'ki Cape Breton Island.

- Step 4: Finally, we multiplied the figures from Step 3 and Step 1 to obtain Unama'ki Cape Breton Island's annual visitor expenditure

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Example Calculation: GDP Total Impacts

Bottom down approach (GDP):

- Step 1 - Nova Scotia's total, annual GDP = $62B

- Step 2 - Nova' Scotia's total, annual tourism GDP =$1.6B

- Step 3 - Unama'ki Cape Breton Island's share of the tourism sector = 19%[6]

- Step 4 - Unama'ki Cape Breton Island's total tourism GDP = $306M

Bottom-up approach (Visitor Spend):

- Step 1 - Unama'ki Cape Breton Island's average visitor spend (per person, per day) = $145

- Step 2 - Considered spend differentials across a typical visitor. For example. cruise ship passenger-visitors have a different average spend per trip than air and road visitors = $81 (per person, per day)

- Step 3 - Annual visitors: 333K (air and road visitors) and 89K (cruise ship passenger-visitors), , Average length of stay: 4,4 days (air and road visitors) and 1 day (cruise ship passenger-visitors)

- Step 4 - Annual visitor spend = average visitor spend (per person, per day) * annual visitors * average length of stay = $219M

Determining GDP Impacts per dollar:

To determine GDP impacts per dollar we used Unama'ki Cape Breton Island's total tourism GDP and annual visitor spend ($306M/$219M) = $1.39

Determining GDP Impacts per visitor:

To determine GDP impacts per visitor we used Unama'ki Cape Breton Island's total tourism GDP and annual visitor number ($306M/422K) = $724

Current state analysis – quantifying economic indicators

The first step for quantifying current economic indicators was finalizing our definition of Unama'ki CBI's tourism sector. We defined the sector using NAICS codes.[7] For our quantitative analysis, we selected only the codes that represent the primary activities of the tourism sector. The aim for the definition for the sector was first to align with the distribution of Unama'ki CBI's tourism operators, while maintaining consistency with the Government of Canada's definition of the sector as much as possible. The codes selected as direct contributors to the sector are provided in Appendix E – Allocation Key, Sector Weights, and NAICS Codes.

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[6] Based on our business count and employee estimate estimates. Refer to Appendix E – Allocation Key, Sector Weights, and NAICS Codes for a description on "Sector Shares."

[7] Note that another potential way to define the sector is through NOC codes. NAICS codes (which classify the economy by sectors) were selected to define the tourism sector as opposed to NOC codes (which classify they economy by occupations) because 1.) this is consistent with the Government of Canada's approach and 2.) because it is more difficult to separate tourist vs. non-tourist occupations than it is to separate tourism vs. non-tourist sectors.

Allocation keys developed leveraging detailed business count and employee estimate data. These keys were used in various methods to translate and filter broad economic data to Unama'ki Cape Breton Island's tourism sector. A description of the allocations performed are provided in Appendix E – Allocation Key, Sector Weights, and NAICS Codes.

To calculate the current state impacts, we derived a range of results to provide a reasonable estimation of impacts. Leveraging Statistic Canada's data, we took data from 2019 and 2022 to calculate the upper and lower bounds for our ranges. Calculating impacts in this way had the additional benefit of accounting for pre- and post-COVID restriction results (e.g., using only 2022 figures risk presenting slightly depressed results, due to the slow recovery from COVID-19).

We began by leveraging Statistics Canada's data on Nova Scotia's Real GDP (at basic prices for 2022). The reason we used this data set is because it contains very up-to-date data for Nova Scotia by sector. We then used the mapping to translate Nova Scotia's tourism GDP to Unama'ki CBI's tourism GDP and at the correct NAICS depth. We include the value of all NAICS codes at 100%, recognizing that many codes (such as restaurants) will serve both locals and tourists. Statistics Canada guidance[8] on this highlights that for the purposes of calculating GDP for the tourism sector, it does not matter if the service or product is sold to a visitor or non-visitor, it will still generate the same amount of GDP.

Once we obtained the GDP for Unama'ki CBI's tourism sector, we used our weighted Input-Output (IO) multipliers to calculate the direct, indirect, induced and total impacts for output, GDP, taxes and jobs with Statistic Canada's input output tables. These tables and the methodology for using them are provided in the below call-out box.

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[8] Statistics Canada "Canadian Tourism Satellite Account Handbook." (2007) Canadian Tourism Satellite Account Handbook (statcan.gc.ca), page 7.

Statistics Canada Input-Output Tables

Input-output multiplier tables are comprehensive datasets that capture the intricate relationships between specific sectors in an economy. These tables outline how changes in one sector's output or demand can reverberate throughout the entire economy, affecting multiple sectors in a complex web of interconnectedness. By quantifying the direct and indirect effects of economic activities, these multiplier tables offer a robust framework for assessing the potential impact of various policy interventions, business decisions, or external shocks.

The core concept behind input-output multiplier analysis is the idea of interdependence among economic sectors. For instance, when a specific sector experiences an increase in demand, it not only directly benefits from the additional spending but also prompts a chain reaction of indirect effects. These indirect effects stem from the increased demand for intermediate goods and services supplied by other sectors that contribute to the production process. Additionally, induced effects emerge as employees and business owners in the initially affected sector spend their increased income on various goods and services.

The Statistics Canada input-output multiplier tables provide a detailed breakdown of these relationships by offering data on the production, supply, and demand relationships between sectors of the economy. Economic impact can be divided into three components:

1. **Direct value:** The direct value corresponds to the economic effects directly generated by sectors involved in tourism sector.

2. **Indirect value:** Value generated by businesses supporting the direct industries involved in the tourism sector.

3. **Induced value**: Induced value corresponds to the impact of new personal consumption (spending) that is attributable to the increased income of workers benefitting from the direct and indirect benefits of the tourism sector.

2.4.2   FUTURE STATE ANALYSIS

The future state of Unama'ki CBI's tourism sector is a hypothetical mapping of what could happen in the future. It may differ from the current state incrementally or significantly, based on what is demonstrated.

Defining a range of future states is important, because it shows what the economic impacts of Unama'ki CBI's tourism sector could be, should proposed investment initiatives be implemented or key barriers removed. This includes current summer tourism, plus additional off-season/shoulder tourism activities and their flow-through effects through the economy.

Since this is a hypothetical situation with no set definition, we provided CBP with three different future state scenarios. This includes a:

1. **Low impact case**: showing a smaller differential impact on the key economic indicators.

2. **Medium impact case**: showing a medium differential impact on the key economic indicators.

3. **High impact case**: showing a larger differential impact on the key economic indicators.

We can think of our current state data as Unama'ki CBI's tourism sector baseline. It demonstrates the current state of the sector as it is with no changes made. To transition from the current to a future state, our model required specific "levers" that drive changes. These levers can be thought of as inputs in our models we can dynamically toggle or change, based on a scenario which subsequently affects outputs.

We know that visitation inputs will have a direct impact on our outputs. We have chosen these inputs to be the levers we can modify to take our output data from the current to future state scenario. Table 7 below highlights each of the visitation levers we will be able to dynamically toggle in our model. For the purposes of the model, we need to be able to separately modify each. Note that each of these factors affect visitor expenditure.

Table 7 - List of levers and impact on output

Lever	Directional impacts on output
Visitation by month (seasonality)	Holding all else equal, this lever will **change only the number of visitors in the winter months (e.g., visitors from Nov-March)**. When **visitation increases**, we can think of this as a **positive shock** to Unama'ki CBI's tourism sector.
Average length of stay per visitor	Holding all else equal, this lever will change **only the average length of stay per visit (e.g., the average length of stay increases by 1 day)**. When **the average length of stay per visitor increases**, we can think of this as a **positive shock** to Unama'ki CBI's tourism sector.
Tourism sector composition	Holding all else equal, this lever only changes the **distribution of tourism subsectors** in Unama'ki CBI **(e.g., proportion of the food service/ beverages subsector increases by 5%).** When the composition of the tourism sector changes and favours higher impact subsector, we can think of this as a **positive shock** to Unama'ki CBI's tourism sector.
Average visitor spend	Holding all else equal, this lever only changes the **average annual visitor spend** of tourists **(e.g., average spend increases by 5%).** When **average expenditure per visitor** increases, we can think of this as a **positive shock** to Unama'ki CBI's tourism sector.

Source: Prepared by KPMG

Based on our knowledge and understanding of the key input levers and barriers, we have mapped out what future state scenarios would look like through four scenarios. These four scenarios were selected based on a combination of qualitative insights from stakeholder consultation and modelling capabilities

Table 8 below presents an overview of the scenarios and their respective descriptions of each level of impact.

Table 8 - Scenario overview

Scenario	Impact	Range of additional impacts on total output
Year-round tourism: This scenario estimates the impacts of increased visitation during the current low period.	Low	25% increase in baseline visitation in winter
	Medium	55% increase in baseline visitation in winter
	High	100% increase in baseline visitation in winter
Longer trip duration: This scenario estimates the impacts of visitors spending more time in Unama'ki Cape Breton.	Low	0.5 day increase to the average length of stay
	Medium	1 day increase to the average length of stay
	High	2 day increase to the average length of stay
Focusing on high impact subsectors: This scenario estimates the impacts of changing this composition mix towards higher-impact subsectors.	Low	10% reallocation from lowest-impact subsector to the highest two.
	Medium	25% reallocation from lowest-impact subsector to the highest two.
	High	33% reallocation from lowest-impact subsector to the highest two.
Attracting higher value customers: This scenario estimates the impacts of visitors spending more while visiting Unama'ki Cape Breton.	Low	5% increase in average spend
	Medium	10% increase in average spend
	High	20% increase in average spend

Source: Prepared by KPMG

After modifying the input levers in the future state scenarios we obtained new calculations of output, GDP, tax revenue and employment. We then followed the same process as our Current State Analysis and ran our numbers through Statistics Canada's multipliers to calculate the direct, indirect and induced economic impacts of Unama'ki CBI's tourism sector in a future state scenario.

Finally, to determine the differential impact of the future state, we subtracted the impacts from the future state scenarios and the current state impacts to obtain the potential opportunity of an improved tourism sector in Unama'ki Cape Breton Island

2.5 MODELLING ASSUMPTIONS

While undertaking initial data scans, we identified data that had some gaps and limitations. Sometimes data for indicators are not at the level of granularity we need for Unama'ki CBI's tourism sector. As a result, we will have to make the following four broad types of assumptions:

Type 1: Assumption on mapping our data to the Unama'ki CBI's tourism sector using business counts.

To accomplish this mapping, we leveraged the Statistics Canada business count data the CBP provided us from Dunn and Bradstreet. Using these counts, we computed Unama'ki CBI's relative tourism market share to Nova Scotia. These weights allowed us to portion out segments of more aggregated Statistics Canada data to the level of granularity needed.

The underlying assumption here is that business count data (both number of businesses and size of the business) are good proxies for market share.

Type 2: Assumption on the generality of data.

Since the data (especially on visitation and the consumer profile of visitors) was limited, we assumed the data we had could be generalized to the Unama'ki CBI tourism sector. This was done in instances where business count mapping is not possible/does not make sense for example for income we assumed that the Nova Scotia average hourly wage for their tourism sector could be applied to Unama'ki CBI.

Type 3: Assumption on the validity and reliability of our data.

Since we had limited visibility into some of the data (such as some statistics from Tourism Nova Scotia that were not available as raw data) and had outdated statistics in some cases (i.e., before 2022 – ideally all our data would be for 2022), we assumed the data points from those sources were both 1.) reliable and 2.) still accurate for today.

Type 4: Data that relies on our NAICS code definition.

As mentioned, agreeing upon a NAICS code definition for the tourism sector was critical since most economic data from Statistics Canada is dependent on it – we flagged all indicators that use NAICS codes in our detailed list of assumptions.

A detailed list of all data assumptions by indicators can be found in Appendix D – Detailed assumptions.

2.6   LIMITATIONS AND MITIGATION

- **Our analysis is largely based on external data sources and as such we cannot verify their accuracy.**
  The majority of data inputs into our EIA modelling were based on secondary research and data collected by various sources such as Statistics Canada, Tourism Nova Scotia, Parks Canada and Dunn & Bradstreet. KPMG considers these data sources as credible and trustworthy sources but makes no claim to their accuracy. KPMG and CBP both conducted primary research surveys of operators to help validate the modelling inputs.

- **COVID-19 pandemic may have had substantial impact on the sector and some historical sources may not be reflective of current and future settings.** The COVID-19 pandemic has had substantial impact on tourism globally and some sectors may have yet to fully recover (e.g. cruise ships). Given available data, there are not yet enough data points to perform an accurate forecast of what tourism may look like in the years moving forward away from the pandemic. To help mitigate the impact of the COVID-19 pandemic our visitation modelling inputs were collected from both 2019 and 2022 statistics to provide a range of impacts that reflects both pre and post-COVID restriction settings.

- **Our analysis and methodology are limited and unique to Unama'ki Cape Breton Island and Nova Scotia and may not be relevant for estimating impacts in other regions.** KPMG's EIA modelling relies on data inputs and modelling assumptions that are very specific to the region, for which equivalent sources/assumptions may not be applicable in other tourism regions. Furthermore, the future state scenarios were selected and modelled based on feedback provided directly from tourism operators and stakeholders and the unique circumstances of the region's current tourism operations and barriers to growth. The modelled impacts of this study may be compared with EIA's of other tourism regions or sectors, however, these comparisons should be made with an understanding of differing methodologies.

- **The analysis is based on economic impacts only and does not consider costs required to achieve the future state.** Enabling each future state scenario may require investment at either an operator, government or investor level. KPMG has only considered the potential impact gains that are estimated to be driven by each future state scenario lever and has made no assertation towards the costs required to realize these opportunities. As a general principle, levers were selected based on stakeholder feedback that have the easiest pathways or require the removal of the least difficult barriers that currently impact the tourism sector in Unama'ki Cape Breton Island.

- **Evidence driven assumptions are taken to mitigate data gaps.** In instances where available data was not granular enough to obtain precise estimates of key inputs, assumptions were taken based on the best available data. Full details of all data gaps are identified in Appendix B – Data gap analysis and our full list of assumptions are provided in Appendix D – Detailed assumptions.

3. Current State Results

3.1 IN THIS SECTION[9]

This section presents the estimated current state impacts of Unama'ki Cape Breton Island's tourism sector, including:

- **Summary Statistics**, which presents an overview of total impacts generated by Unama'ki Cape Breton Island's tourism sector and their comparison to Nova Scotia's tourism sector.

- **Current State Impacts,** which present a detailed breakdown of total impacts into its direct, indirect, and induced components. Impacts are further present in the following subsections;

  o **Impacts per visitor**, which present total impacts for a single visitor to Unama'ki Cape Breton Island.

  o **Impacts per dollar,** which presents total impacts for every dollar of visitor spend in Unama'ki Cape Breton Island.

3.2 SUMMARY STATISTICS

This section presents key summary statistics of Unama'ki Cape Breton Island's tourism sector, including comparisons to Nova Scotia's tourism sector for context. Where possible, statistics for Nova Scotia's tourism sector are presented both *without ("Rest of Nova Scotia") and with ("All of Nova Scotia")* Cape Breton Island's contribution.

- Table 9 presents Unama'ki Cape Breton Island's total tourism impacts as a share of Nova Scotia's tourism.

- Table 10 presents select visitation statistics between Unama'ki CBI tourism, the rest of Nova Scotia's tourism, and all of Nova Scotia's tourism.

- Table 11 presents Unama'ki Cape Breton Island's tourism impacts as a share of its overall economy, as well as a comparison to Nova Scotia's tourism sector as a share of the provincial economy.

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[9] All impacts are considered to be estimates for 2023 values, presented in 2022 real dollars.

Overall, it is clear Unama'ki Cape Breton Island's tourism sector is a productive and significant contributor to its overall economy and Nova Scotia's tourism.

Table 9 - Comparison of Unama'ki Cape Breton Island and Nova Scotia tourism impacts

Indicator	Unama'ki CBI	Nova Scotia	Share of Unama'ki CBI to Nova Scotia
Population	132K	969K	**13.6%**
Annual visitors	422K – 551K	2.2M – 2.7M	**20%**
Tourism Output	$575M – $721M	$3.1B – $4.0B	**18% – 19%**
Tourism GDP	$306M – $383M	$1.6B – $2.1B	**18% – 19%**
Tourism Taxes	$35M – $43M	$184M – $236M	**18% – 19%**
Tourism Jobs	6.8K – 8.5K	36K – 49K	**17% – 19%**

Source: KPMG Analysis.

Key Findings

- In terms of population, Unama'ki CBI is home to approximately 132K people, which translates to 13.6% of Nova Scotia's total population.[10]

- Unama'ki CBI accounts for about 20% of Nova Scotia's annual visitors and 17% – 19% of Nova Scotia's tourism sector output, GDP, taxes, and jobs.

- Unama'ki CBI's tourism sector generates tourism impacts which far exceed its relative population share.

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[10] Statistics Canada, 2021 Census of Population.

Table 10 - Visitation Statistics

Indicator	Unama'ki CBI	Rest of Nova Scotia	All of Nova Scotia
✈ Annual visitors	422K – 551K	1.7M – 2.2M	2.2M – 2.7M
🐷 Average visitor spend (per person, per trip)	$499 – $520	$703 – $710	$662 – $673
💵 Annual visitor spend	$219M – $272M	$1.2B – $1.5B	$1.5B – $1.8B

Source: KPMG Analysis

*Note: figures in Unama'ki CBI and Rest of Nova Scotia may not exactly add-up to All of Nova Scotia due to rounding.

Key Findings

- On average, visitors to Unama'ki Cape Breton Island stay for less time (almost 1 full day) less than visitors to Nova Scotia.

- Differences in average visitor spend (per person, per trip) are driven by:

  o Different average length of stays between the regions.

  o Cruise ship passengers. Passengers who dock at Port of Sydney spend less than those who dock at the Port of Halifax on average.

- In terms of annual visitor spend, Unama'ki CBI accounts for approximately 15% of Nova Scotia's visitor spend. Similar to output, GDP, taxes, and jobs, this exceeds its relative population share.

Table 11 - Share of Unama'ki Cape Breton Island and Nova Scotia's tourism to their overall economies

Indicator	Unama'ki CBI Tourism/Overall economy on the Island	Nova Scotia Tourism/Overall economy in the province
Output	4% – 5%	3% – 4%
GDP	3.5% – 4%	2.5% – 3%
Taxes	4% – 5%	3% – 4%
Jobs	8% – 9%	6% – 7%

Source: KPMG Analysis

Key Findings

- Unama'ki CBI's tourism sector accounts for about 3.5% – 9% of its overall economy.

- Unama'ki CBI's tourism sector outperforms Nova Scotia's tourism sector, which accounts for 2.5% – 7% of its overall economy.

3.3   CURRENT STATE IMPACTS

Unama'ki Cape Breton Island's tourism sector is estimated to generate significant impacts across output, GDP, taxes, and jobs. The full breakdown of these impacts into its direct, indirect, and induced components can be referenced in Table 12 below.

Table 12 - Unama'ki Cape Breton Island - Current State Impacts

Indicator	Total estimated impacts	Impact Breakdown
Tourism Output	$575M – $721M	Direct: $370M – $464M Indirect: $123M – $155M Induced: $82M – $102M
Tourism GDP	$306M – $383M	Direct: $174M – $218M Indirect: $66M – $83M Induced: $65M –-$82M
Tourism Taxes	$35M – $43M	Direct: $12M – $16M Indirect: $6M – $8M Induced: $16M – $20M
Tourism Jobs	6.8K – 8.5K	Direct: 5.5K – 6.8K Indirect: 0.8K – 1.1K Induced: 0.5K – 0.6K

Source: KPMG Analysis

*Note: Direct, indirect, and induced numbers may not add up to the total impacts because of rounding.

Key Findings

- In general, it is clear Unama'ki Cape Breton Island's tourism sector generates impacts that benefit not only the direct sector, but also supporting sectors and the economy overall.

- Across output, GDP and jobs, the impacts generated are primarily driven by the direct component, followed by indirect and induced.

- Taxes is the exception to this, as the majority of the total is attributed to induced impacts, followed by direct and then indirect.

3.3.1   IMPACTS PER VISITOR

To further understand Unama'ki Cape Breton Island's tourism impacts, Table 13 below presents its impacts per visitor. This amount tells us the impact generated per additional visitor into Unama'ki CBI's tourism economy.[11] For additional comparison and context, the impacts per visitor of Nova Scotia's tourism sector, *without ("Rest of Nova Scotia")* and *with ("All of Nova Scotia")* Unama'ki Cape Breton Island's contribution, are also presented.

Table 13 - Impacts per visitor

Indicator	Unama'ki CBI	Rest of Nova Scotia	All of Nova Scotia
Tourism Output	$1,309 – $1,362	$1,468 – $1,569	$1,418 – $1,483
Tourism GDP	$696 – $724	$780 – $828	$754 – $784
Tourism Taxes	$79 – $82	$88 – $91	$85 – $87
Tourism Jobs[12]	15 – 16	17 – 19	17 – 18

Source: KPMG Analysis

Key Findings

- Table 13 illustrates that Unama'ki Cape Breton Island's impacts per visitor are less than Nova Scotia's on average, though not by very much.

- Based on the data, the main driver of this difference are cruise ship passenger-visitors.

  o Data shows that there is a large differential in average spend between visitors at the Port of Sydney and Port of Halifax.

  o Passenger-visitors to Port of Sydney typically spend around $81 per person per trip, in contrast to Port of Halifax passenger-visitors that typically spend around $99 per person per trip.

- Data shows that air and road visitors typically spend more than cruise ship passenger-visitors. Targeting more air and road visitors would likely increase impacts per visitors.

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[11] Based on the average length of stay of 4.4 days and average visitor spend of $499 - $520 for visitors to Unama'ki Cape Breton Island. The comparative figures for Rest of Nova Scotia and All of Nova Scotia are provided in Table 10.
[12] Job impacts are presented per 1000 visitors.

3.3.2 IMPACTS PER DOLLAR

Table 14 below presents the impacts per dollar of Unama'ki Cape Breton Island's tourism sector, as well as Nova Scotia's tourism sector, both with and without Unama'ki CBI's contribution, for comparison. The impacts per dollar tell us how far a dollar spent in the region's tourism economy goes to stimulate the wider economy and generate larger impacts.

Table 14 - Impacts per dollar

Indicator	Unama'ki CBI	Rest of Nova Scotia	All of Nova Scotia
Tourism Output	$2.62 – $2.63	$2.0 – $2.2	$2.1 – $2.2
Tourism GDP	$1.39 – $1.40	$1.1 – $1.2	$1.1 – $1.2
Tourism Taxes	$0.16	$0.12	$0.13
Tourism Jobs[13]	31	24 – 27	25 – 27

Source: KPMG Analysis

Key Findings

- Based on the analysis, a dollar in Unama'ki CBI's tourism sector goes further than a dollar spent in Nova Scotia's tourism sector in terms of output, GDP, taxes and job creation.

- Taken together with the impacts per visitor results, attracting a "higher-value" visitor who will spend more during their stay, or stay longer, would lead to larger impacts rather than simply bringing in an additional visitor.

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[13] Job impacts are presented per $1M of visitor expenditure.

3.4   TAKEAWAYS

1   Based on the estimated impacts generated, Unama'ki Cape Breton Island's tourism sector is a robust economic driver to the local region and province.

2   Unama'ki CBI's tourism sector accounts for a significant portion of Nova Scotia's tourism sector, exceeding its relative size. While it accounts for 13.6% of the province's entire population, the sector accounts for 17% – 19% of Nova Scotia's tourism sector across output, GDP, taxes, and jobs created.

3   The sector is a significant contributor to the overall economy of the Island, and accounts for approximately 3.5% – 9% of total output, GDP, taxes, and jobs generated. This is larger than Nova Scotia's tourism sector's contribution to the provincial economy.

4   Unama'ki CBI's tourism sector has a higher impact per dollar, but lower impact per visitor than Nova Scotia's tourism sector. Higher impacts could be obtained by targeting visitors who spend more, rather than bringing in more visitors.

4. Future State Results

4.1 SCENARIO SELECTION

Four additional scenarios were explored, each representing a potential and hypothetical alternative to the current state of Unama'ki Cape Breton Island's tourism sector. Each scenario is described in detail in the following pages.

These scenarios were selected based on a combination of:

1. Qualitative insights from stakeholder consultation. Scenarios were selected to consider pain points, future expansion plans, and other insights the tourism operators expressed.

2. Modelling capabilities. Scenarios were selected based on the ability to dynamically vary them within the model and data availability.
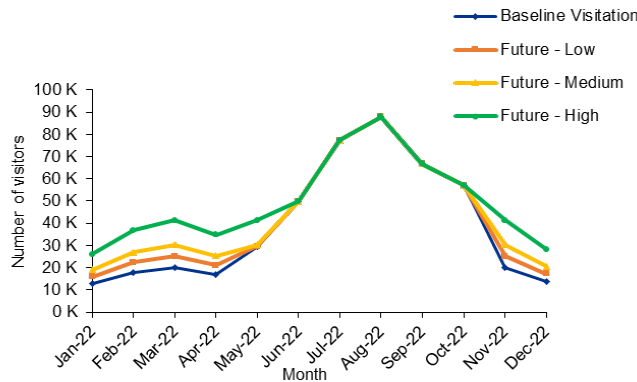
Each scenario modifies a different visitation-related variable while holding all others constant, which enables the isolation of impacts associated with each modification. The benefits to this type of scenario analysis are twofold:

1. It allows for the evaluation and direct comparison of which scenarios yield the largest impacts.

2. As the scenarios are mutually exclusive, impacts from each can be additive; appreciating that in practice a future state will likely affect several variables at once.

Scenario 1: Growth in year-round tourism

What We Heard	***STAKEHOLDER PERSPECTIVES*** From stakeholder engagement, it was evident there is appetite for, and increased focus on, growing Unama'ki Cape Breton Island's winter tourism economy and transforming the Island to a true four-season destination. They also expressed the need for key barriers (such as infrastructure, dependency on employment insurance (EI), Bill 191, and limited availability of other tourism providers) to be mitigated for year-round tourism to be realized. Based on these sentiments, a scenario focusing on year-round tourism was selected.	**SECTOR SPOTLIGHT** **Destination Cape Smokey** has significantly invested in revamping their ski hill and surrounding area, with additional plans to expand their year-round activity offerings.

What Needs to Happen	• **Reduced dependency on seasonal EI**: Stakeholders raised that Nova Scotia, and Unama'ki Cape Breton Island in particular face challenges in maintaining a year-round workforce due to the high utilization of Employment Insurance (EI) among workers in the region. While much of the empirical evidence suggests the high reliance on EI is driven by seasonal industries such as fisheries, stakeholders provided anecdotal evidence that many of their part-time employees claim EI regularly during the low-season despite not being in an industry that requires seasonal shut-downs. A reduction in EI utilization among tourism workers would improve the labour supply available to tourism operators in the low seasons. • **Incentives for year-round operation:** Some of Unama'ki Cape Breton Island's largest tourism operators highlighted Bill 191 as a key barrier to year-round operation. Bill 191 provides a tax incentive for seasonal closures, as it grants seasonal tourist businesses (i.e., defined as closed for four consecutive months per year) tax reductions. Adjustments to tax incentives that impact seasonal operations may have an impact on the viability of tourism businesses to operate year-round. • **Adequate winter infrastructure (e.g., winterized staff housing) and other crucial infrastructure investments:** Stakeholders expressed that significant infrastructure investments and improvements need to be made to facilitate year-round operation to support both year-round workers and visitors. Pain points included the need to expand staff and guest housing, winterizing staff housing, expansion to public transportation, and the cost of NS power. • **Reduced seasonal closure of tourism supporting businesses (restaurants, activity providers, hotels/B&Bs)**: Tourism providers require a cluster of other available tourism providers to successfully attract visitors to the local area and successfully operate themselves. For instance, activity providers need nearby restaurants and accommodations to attract visitors and vice versa. Additionally, stakeholders mentioned the early closing (e.g., lack of a night-time economy) to be another barrier to increasing their operation.
Scenario Description	Current visitation patterns in Unama'ki Cape Breton Island are summer-dominant and highly seasonal. This scenario explores a future where Unama'ki Cape Breton Island experiences increased visitation during its off-season/winter months from November to March.

Variable Modified	Visitation by month		
Impact Driver(s)	Impact per dollar ✗	Impact per visitor ✗	Total visitation ✓
Scenario Framing	Whistler Village is an example of a four-season destination, with winter visitation at approximately 45% and summer visitation at 55%.[14] Banff National Park is an example of a seasonal destination, but with more established winter tourism than Unama'ki Cape Breton Island; their winter visitation from November to March at approximately 27% of summer visitation.[15] At its current state, Unama'ki Cape Breton Island is estimated to have around 18% of its visitation from November to March and 82% during the rest of the months. Based on the Whistler and Banff National Park case studies, and erring on the conservative side given the maturity of Unama'ki Cape Breton Island's winter tourism economy relative to the case studies, the following modifications to the current state were selected[16]: • Low case – 25% increase in winter visitation; translating to about 20% of peak visitation. • Medium case – 55% increase in winter visitation; translating to about 25% of peak visitation. • High case – 100% increase in winter visitation; translating to about 30% of peak visitation. Figure 5 below shows how Unama'ki Cape Breton Island's visitation curve would look from low to high scenario. As illustrated, the tail-ends of the visitation curve get closer and closer to the summer peaks. *Figure 5: Visitation Curve - Baseline and Scenarios* Understanding that in practice there is correlation with increasing off-season with general visitation across all months—i.e. visitation increases in one season tend to not occur in isolation. This correlation		

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[14] Tourism Whistler. https://trade.whistler.com/about/stats/. Accessed September 24, 2023.

[15] Geng, D.C.; Innes, J.L.; Wu, W.; Wang, W.; Wang, G. Seasonal Variation in Visitor Satisfaction and Its Management Implications in Banff National Park. Sustainability 2021, 13, 1681. https://doi.org/10.3390/ su13041681

[16] In addition to winter visitation increases, shoulder seasons (defined as April-May and September-October) were adjusted to match as needed.

can be seen in Whistler's historical visitation statistics, which show that winter and summer visitation generally move together and experience similar peaks and dips.[17]

Based on this, an additional sensitivity test was performed:

- Under the high-impact case of winter visitation increasing by 100%, visitation in all other months (April – October) also increases by 10%.

Figure below shows the visitation curve of this sensitivity check relative to the high-case scenario. As illustrated, the sensitivity test case is the same at the tail-ends of the future state, high impact case, but diverges from April to October. Compared to the baseline, it is higher at all points.

Figure 6: Visitation Curve - Baseline, High Impact, and Sensitivity Test

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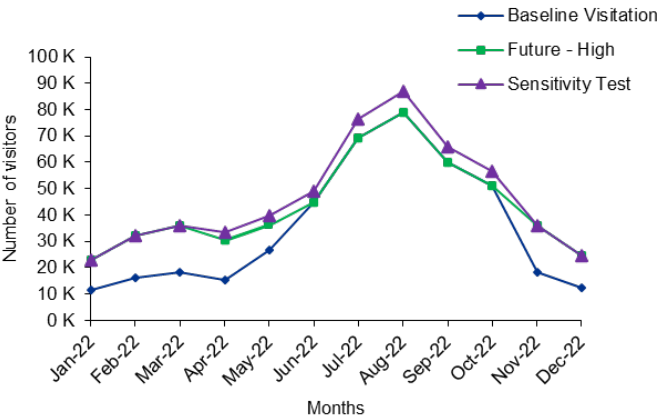
[17] Resort Municipality of Whistler, Community Monitoring Dashboard: "Total Visitation." Visitation: Total - performance.whistler.ca. Accessed September 28, 2023.

	Scenario 2: Longer trip duration
What We Heard	***STAKEHOLDER PERSPECTIVES*** Stakeholders expressed that visitors often consider the Cabot Trail a scenic drive that can be completed in 1-2 days, rather than a destination. Additionally, tourism in non-Cabot Trail regions, which could encourage longer stays and excursions, are less well-known. Based on these insights, a scenario focusing on trip duration was selected.
What Needs to Happen	• **Improved marketing of the Cabot Trail as a destination, rather than a scenic drive:** Stakeholders reported a key challenge to attracting longer-stay visitors to be the perception that the Cabot Trail is a scenic drive, or short-stop spot, rather than a longer, multi-day destination. According to them, tourists are often unaware off the full spectrum of activities, accommodations, and restaurants along the trail or cannot find the information easily. • **Diversity in accommodation and food offerings on Cabot Trail:** Stakeholders believed there is opportunity to improve the variety in accommodation and food offerings on Cabot Trail to attract longer-stay visitors and a different consumer demographic. For instance, some operators are investing in wellness (e.g., spas) accommodation offerings. Operators also expressed the need for additional restaurants along the Cabot Trail, as some visitors reported sparse or closed restaurants as contributors to a shorter stop. • **Activity partnerships and increased tourism offerings in non-Cabot Trail regions:** Many tourism operators in non-Cabot Trail regions are even less well-known. There is room for increased and continued collaboration amongst Cabot Trail and non-Cabot Trail region operators to bring more visibility to the Island as a whole. Partnerships with operators outside the Cabot Trail could encourage longer stays and excursions. Increased tourism offerings in non-Cabot Trail regions would also encourage increased visitation time. • **Increased visitation from tourists outside Atlantic Canada:** Data collected by Tourism Nova Scotia in their Visitor Exit Surveys clearly show that visitors outside Atlantic Canada visit the region longer significantly longer than local tourists. Targeting these visitors could be a key enabler of longer-stay visits.
Scenario Description	Visitors to Unama'ki Cape Breton Island typically stay around 4.4 days on average. This scenario estimates the impacts of visitors spending more time on the island.
Variable Modified	*Average length of stay[18]*

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[18] This scenario focuses only on air and road visitors and excludes cruise ship passenger-visitors due to their very low average length of stay. An increase in their average length of stay would represent a very significant change.

Impact Driver(s)	Impact per dollar ✘	Impact per visitor ✔	Total visitation ✘
Scenario Framing	Average length of stay (LOS) is highly sensitive to a variety of consumer demographics. For instance, Nova Scotia Tourism[19] estimates that: • Visitors from Ontario stay one more day than the provincial average LOS. • Western Canadians stay up double the provincial average LOS. • Visitors from the US typically stay one day above the provincial average LOS. • International visitors spend more than double the average time. Given these statistics and using Nova Scotia's average LOS (5.3 days) as a sense-check, the following modifications to the current state were selected: • Low case – increase of 0.5 days; this translates to an average LOS of 4.9 days. • Medium case – increase of 1 day; this translates to an average LOS of 5.4 days. • High case – increase of 2 days; this translates to an average LOS of 6.4 days. Figure 7 below illustrates how the average length of stay differs from the low to high case scenario. *Figure 7: Average length of stay - Baseline and Scenarios* 		

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[19] Nova Scotia Tourism, "2019 Nova Scotia Visitor Exit Survey – Overall Results." (2019). 2019 Nova Scotia Visitor Exit Survey (tourismns.ca)

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Scenario 3: Focusing on high-impact[20] subsectors

What We Heard	*STAKEHOLDER PERSPECTIVES* Across the sector, key stakeholders have made substantial investments to their operations to grow their activity offerings and expand parts of their businesses to target higher-impact tourists and activities. Based on this, a scenario focusing on impacts by subsector was selected.	**SECTOR SPOTLIGHT** **Cabot Cape Breton** is investing in luxury spa offerings for the future, as well as additional accommodations (luxury villas) at their Cabot Cliffs course. **Destination Cape Smokey** has plans to expand their activity offerings (e.g., tree walks) and provide accommodations with retail shops clustered at the bottom of their ski hill.
What Needs to Happen	• **Attracting customers looking for more high-impact activities:** Stakeholders across the sector expressed the desire to attract a visitor demographic that spends more per trip. This could include customers engaged in more adventure tourism activities or luxury spa and wellness activities. This scenario would require attracting visitors who spend more in the activities and food services & beverages subsectors relative to accommodations or camping. • **Expanding activities/services offered in more high impact subsectors:** Some of Unama'ki Cape Breton Island's largest tourism operators highlighted future expansion plans tourism activity offerings, accommodations, and food services & beverages. This scenario would require higher expansion in the activities and food services & beverages subsectors, relative to their accommodations or camping segments of their businesses.	
Scenario Description	Unama'ki Cape Breton Island's tourism sector comprises several subsectors —including scenic & sightseeing transportation, travel arrangement services, performing arts/spectator sports/heritage institutions, accommodations & camping, and food services & beverages. This scenario estimates the impacts of changing this composition mix towards higher-impact subsectors.	
Variable Modified	*Weighted input-output multipliers*	

Impact Driver(s)	Impact per dollar	Impact per visitor	Total visitation
	✓	✓	✗

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[20] For the purposes of this scenario, a "high-impact" subsector refers to a subsector which has a high output multiplier effect for every $1 spent into the economy, as defined by Statistics Canada. In the context of this study, the "high-impact" subsectors are the activity-driven subsector (e.g., performing arts/spectator sports/heritage institutions) and the food services & beverage subsector, relative to accommodations 7 camping.
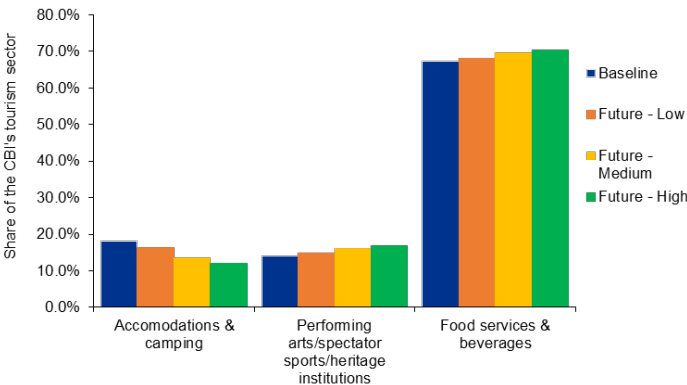
Scenario Framing

Based on Unama'ki Cape Breton Island's current state, the tourism sector skews towards the food services & beverages subsector (67%), followed by accommodations & camping (18%), and then performing arts/spectator sports/heritage institutions (14%). The scenic & sightseeing transportation and travel arrangement services subsectors account for very little of the sector (i.e., <1% each).

Based on the Statistics Canada's input-output multipliers, the accommodations & camping subsector is a lower-impact subsector, while food services & beverages and performing arts/spectator sports/heritage institutions subsectors are higher-impact. Erring on the conservative side, and given that a certain amount of accommodations is needed to support the tourist economy, the following modifications were selected for this scenario:

- Low case: 10% reallocation from lowest-impact subsector to the highest two, split equally; this translates to the accommodations & camping subsector decreasing from 18% to about 16%, food services & beverages increasing from 67% to about 68%, and performing arts/spectator sports/heritage institutions increasing from 14% to about 15%.

- Medium case: 25% reallocation from lowest-impact subsector to the highest two, split equally; this translates to the accommodations & camping subsector decreasing from 18% to about 14%, food services & beverages increasing from 67% to about 69%, and performing arts/spectator sports/heritage institutions increasing from 14% to about 16%.

- High case: 33% reallocation from lowest-impact subsector to the highest two, split equally; this translates to the accommodations & camping subsector decreasing from 18% to about 12%, food services & beverages increasing from 67% to about 70%, and performing arts/spectator sports/heritage institutions increasing from 14% to about 17%.

Figure 8 below shows how the composition of the affected subsectors changes from low to high case scenario. As illustrated, the accommodations & camping subsector shrinks in each successive scenario while the performing arts/spectator sports/heritage institutions and food services & beverages subsectors grow.

Figure 8: Subsector composition - Baseline and Scenarios

	Scenario 4: Attracting high value visitors

What We Heard	*STAKEHOLDER PERSPECTIVES* A recurring theme from stakeholder consultation was the importance of attracting higher value visitors and a desire to grow and diversify their current visitor base. Stakeholders frequently cited the following types of visitors as being a target for the future: • Tourists from outside Atlantic Canada. • Tourists focused on higher-spend activities, such as outdoor adventure experiences or luxury experiences. • A younger, more varied age demographic. Based on these insights, a scenario on attracting a higher-value visitor was selected. **SECTOR SPOTLIGHT** Currently, a **typical visitor** to Cape Breton Island tends to be: • From Atlantic Canada • Focused on lower-spend activities, such as sightseeing • Middle-aged to older in age and comprised of mostly couples
What Needs to Happen	• **Increased high-spend activity offerings (such as spas, luxury accommodations):** Stakeholders across the sector expressed the desire to attract a visitor demographic that spends more per trip. To attract these types of customers, some of Unama'ki Cape Breton Island's tourism operators are planning on offering more adventure tourism activities or luxury spa and wellness activities, as well as more restaurant and retail options. • **Increased visitation from first-time tourists:** Data from Tourism Nova Scotia supports first-time tourists spending more than repeat visitors, as they tend to 1.) stay longer and 2.) also be pleasure visitors (as opposed to travelling for business or to visit friends or family). Increased visitation from first-time tourists would enable higher average spend per trip. • **Increased visitation from higher-income tourists:** Data from Tourism Nova Scotia and Parks Canada show that higher-income tourists are more likely to engage in higher-spend tourism activities, accommodations, and restaurants. • **Increased visitation from Canadian tourists outside Atlantic Canada:** Data from Tourism Nova Scotia also shows that Canadian visitors to the region, apart from Atlantic Canada, also spend more on average, per trip, as they tend to 1.) stay longer, 2.) be a first-time visitor, and 3.) also be pleasure visitors (as opposed to travelling for business or to visit friends or family). • **Increased visitation from the US and international tourists:** Similarly, Data from Tourism Nova Scotia shows that US and international visitors also spend more on average, per trip, as they tend to 1.) stay longer, 2.) be a first-time visitor, and 3.) also be pleasure visitors (as opposed to travelling for business or to visit friends or family).
Scenario Description	Visitors to Unama'ki Cape Breton Island spend moderately per trip—the average visitor spend of non-cruise visitors is $637 per person, per trip. For cruise visitors it is $81 per person, per trip. This translates to a blended average of $499 - $520 per person, per trip. This scenario estimates the impacts of visitors spending more while visiting Unama'ki Cape Breton Island.

Variable Modified	Average visitor expenditure		
Impact Driver(s)	Impact per dollar ✗	Impact per visitor ✓	Total visitation ✗
Scenario Framing	Like average length of stay, visitor expenditure is also highly sensitive to a variety of consumer demographics. For instance, tourists from outside Atlantic Canada, first-time visitors, air visitors, pleasure visitors, and visitors with an above average household income tend to spend more per trip. According to Tourism Nova Scotia[21], this may vary from $100 more to almost double the average trip spend depending on the varying demographic groups.		

Additionally, tourists who visit Nova Scotia but not Unama'ki Cape Breton tend to spend more (highlighted in Table 10); demonstrating there is growth potential moving closer to the provincial average.

Given these statistics, and erring on the conservative side, the following modifications to the current state were selected (using the blended average of $520 per person, per trip as the base):

- Low case: 5% increase in average spend; this translates to a blended average of about $546 per person per trip.

- Medium case: 10% increase in average spend, this translates to a blended average of about $572 per person per trip.

- High case: 20% increase in average spend; this translates to a blended average of about $624 per person per trip.

Figure 9 below illustrates how the average visitor spend differs from the low to high case scenario.

Figure 9: Average visitor spend (per person, per trip) - Baseline and Scenarios

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4.2   FUTURE STATE IMPACTS[22]

4.2.1   SUMMARY

The table below presents a summary of the scenario analysis performed. Each scenario is assessed and the additional impacts, for output, are presented as a snapshot.

Note: the lower range of current state impacts (presented in Table 11*) were used to calculate future state scenario impacts. This was to avoid having ranges within ranges. The lower range number was selected as a conservative approach.*

Table 15 - Scenario Analysis Impacts Summary

Scenario	Range of additional impacts on total output	% increase from baseline output	Impact assessment
Scenario 1: Year-round tourism	$31M – $137M	5% – 24%	Strong
Scenario 2: Longer trip duration	$63M – $252M	11% – 44%	Very Strong
Scenario 3: Focusing on high-impact subsectors	$2M – $8M	0.2% – 1.4%	Weak
Scenario 4: Attracting higher value visitors	$29M – $115M	5% – 20%	Strong
Total potential growth opportunity: $125M – $512M (22% – 89%)			

Source: KPMG Analysis

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[22] All impacts are presented in real-terms and in 2022 dollars.

Key Findings

- The table shows that there is overall very strong potential growth for the sector if the impacts of all four scenarios are summed together and realized at once.

  - As mentioned, while the scenarios modify only one variable each, in practice it is likely that a future-state would include all/or a combination of each.

- When taken in isolation, Scenario 2: Longer trip duration is the most impactful. Extending a visitor's average length of stay is equivalent to increasing the opportunity for them to spend more money.

The detailed impacts of each scenario are discussed in the following sections.

4.2.2   SCENARIO 1: YEAR-ROUND TOURISM

Scenario description:
Current visitation patterns in Unama'ki Cape Breton Island are summer-dominant and highly seasonal. This scenario explores a future where Unama'ki Cape Breton Island experiences increased visitation during its off-season/winter months from November to March. Recognizing that it is realistic to expect an increase in summer visitation following growth in winter visitation after a certain point, a *sensitivity test* was performed to model this under the high-impact case.

Table 16 - Scenario 1 – Incremental Impacts to Unama'ki Cape Breton Island

Indicator	Low	Medium	High
Tourism Output	$31M	$70M	$137M
Tourism GDP	$17M	$37M	$73M
Tourism Taxes	$2M	$4M	$8M
Tourism Jobs	0.4K	0.8K	1.6K
(%) increase	+5%	+12%	+24%

Source: KPMG Analysis

Key Findings

- Increasing visitation, while holding all else equal, produces strong incremental impacts to the baseline.

- These additional impacts range from 5% – 24%, depending on the increase to winter visitation.

- While this scenario produces strong incremental impacts, it is still less than Scenario 2: Longer trip duration.

Table 17 - Sensitivity Test – Additional Increase in Summer Visitation to Unama'ki Cape Breton Island

Indicator	Incremental Impact – from baseline
Tourism Output	$188M
Tourism GDP	$100M
Tourism Taxes	$11M
Tourism Jobs	2.2K
(%) increase from high impact case	7%
(%) increase from baseline	33%

Source: KPMG Analysis

Key Findings

- With an additional increase in visitation of 10% from April to October, the incremental impacts increase by 7% from the high impact case. These impacts account for an additional 33% from the baseline.

- Since visitation from April to October start at a higher point than the winter months, even small increases in visitation result in an influx of visitors and a significant increase in additional impacts.

4.2.3   SCENARIO 2: LONGER TRIP DURATION

Scenario description:
Visitors to Unama'ki Cape Breton Island typically stay around 4.4 days on average. This scenario estimates the impacts of visitors spending more time on the island.

Table 18 - Scenario 2 - Incremental Impacts to Unama'ki Cape Breton Island

Indicator	Low	Medium	High
Tourism Output	$63M	$126M	$252M
Tourism GDP	$34M	$67M	$134M
Tourism Taxes	$4M	$8M	$15M
Tourism Jobs	0.8K	1.5K	3K
(%) increase	+11%	+22%	+44%

Source: KPMG Analysis

Key Findings

- Of the four future state scenarios, increasing the average length of stay for a visitor has the greatest impact on the Unama'ki Cape Breton Island economy.

- The incremental impacts range from 11% – 44% of current baseline impacts. This is a significant amount, as the high-impact case produces additional impacts of almost *half* the sector's current baseline.

4.2.4   SCENARIO 3: FOCUSING ON HIGH-IMPACT SUBSECTORS

Scenario description:
Unama'ki Cape Breton Island's tourism sector comprises several subsectors including scenic & sightseeing transportation, travel arrangement services, performing arts/spectator sports/heritage institutions, accommodations & camping, and food services & beverages. This scenario estimates the impacts of changing this composition mix towards higher-impact subsectors.

Table 19 - Scenario 3 - Incremental impacts to Unama'ki Cape Breton Island

Indicator	Low	Medium	High
Tourism Output (% change)	$2M (+0.4%)	$6M (+1.0%)	$8M (+1.4%)
Tourism GDP (% change)	$500K (+0.2%)	$1.2M (+0.4%)	$1.6M (+0.5%)
Tourism Taxes (% change)	-$150K (-1.0%)	-$400K (-2.6%)	-$500K (-3.4%)
Tourism Jobs (% change)	82 (+1.2%)	206 (+3.0%)	273 (+4.0%)

Source: KPMG Analysis

Key Findings

- This scenario produces the lowest amount of impacts out of the four, with incremental impacts ranging from only 0.2% – 4% of the current baseline across output, GDP, and jobs. For taxes, this scenario produces negative incremental impacts; meaning less taxes are generated than in the baseline.

- This points to trade-offs existing between those subsectors that are impactful for certain indicators but not others. In this case, towards those subsectors considered "higher-impact" in terms of output, are actually "lower-impact" in terms of taxes.

- In general, it is less important *where* visitors spend their money. Each subsector is productive and impactful across the economy.

4.2.5   SCENARIO 4: ATTRACTING HIGHER VALUE VISITORS

Scenario description:
Visitors to Unama'ki Cape Breton Island spend moderately per trip—the average visitor spend of non-cruise visitors is $637 per person, per trip. For cruise visitors it is $81 per person, per trip. This translates to a blended average of $499 - $520 per person, per trip. This scenario estimates the impacts of visitors spending more while visiting Unama'ki Cape Breton Island.

Table 20 - Scenario 4 - Incremental Impacts to Unama'ki Cape Breton Island

Indicator	Low	Medium	High
Tourism Output	$29M	$58M	$115M
Tourism GDP	$15M	$31M	$61M
Tourism Taxes	$2M	$4M	$7M
Tourism Jobs	0.3K	0.7K	1.4K
(%) increase	+5%	+10%	+20%

Source: KPMG Analysis

Key Findings

- Increasing average visitor spend produces strong incremental impacts, ranging from an additional 5% – 20% from the baseline, similar to Scenario 1: Year-round tourism.

- The incremental impacts in this scenario are proportional to the increases in visitator expenditure. That is, a 5% increase in average visitor expenditure leads to a 5% increase in all impacts per indicator.

4.3   TAKEAWAYS

1   There is significant unrealized potential for the sector if growth is realized, which could total an additional $125M – $512M in output alone.

2   Scenario 2 is the singular, most impactful scenario. Scenarios 1 and 4 generate strong impacts, but not as significant as Scenario 2, and Scenario 3 generates the least amount of additional impacts.

- Based on this analysis, the sector could realize greatest potential impacts by attracting visitors who stay longer, above all else.

3   Scenario 3 illustrates that trade-offs exist between those subsectors that are impactful for certain indicators but not others.

4   While the scenarios presented modify single variables, while holding all else constant, in reality it is likely that a future state would see all, or a combination, of the variables increased.

5. Pathway Forward

5.1 ENABLING GROWTH

Based on the stakeholder consultation and the future-state scenario analysis conducted, KPMG recommends focussing on four growth areas to further strengthen the tourism sector in Unama'ki Cape Breton Island as a vibrant year-round destination.

The four recommended initiatives, example next steps, and stakeholders that may be involved in each are summarized in the overviews below.

Initiative 1: Marketing towards first-time and out-of-province visitors	
Description Attracting higher-spend visitors is a key area of future growth. In the short-term, stakeholders could focus on attracting more first-time and out-of-province visitors to the region (both demographics that tend to spend more during a trip to Unama'ki Cape Breton Island) as an initial step. To establish a strong pipeline of these visitors for the future, specific marketing targeting this demographic could be developed.	Key stakeholders • Destination Marketing Organizations • Nova Scotia Government • Tourism Operators • Municipalities

Example Next Steps

➔ **Conduct a targeted market assessment for this demographic.** This would allow stakeholders to identify specific tourism preferences. This could include visitor satisfaction surveys and web-based analytics.

➔ Based on the market assessment results, **develop a set of core marketing materials catered to this demographic.** This could include dedicated brochures or travel packages for tourism activities they prefer.

➔ **Leverage online and social media content to market the sector globally,** as online marketing across platforms like YouTube, Instagram, and TikTok can reach a wider audience.

Initiative 2: Establish Cabot Trail as a destination rather than a scenic drive	
Description Current perception amongst some tourists is that the Cabot Trail is a scenic drive or short-stop spot, rather than a multi-day destination. Increased promotion towards changing this perception, paired with increased attention to growing the Cabot Trail's tourism offerings, and the infrastructure to support it, would further strengthen the Cabot Trail's reputation as a multi-day destination.	Key stakeholders • Destination Marketing Organizations • Nova Scotia Government • Tourism Operators • Municipalities

Example Next Steps

➔ **Develop a centralized list of tourism operators along the Cabot Trail that visitors can access.** While the Destination Cape Breton website features a selection of tourism operators and activities, a central or comprehensive repository that visitors can easily access does not exist.

➔ **Consistent branding of Unama'ki Cape Breton Island as a multi-day destination** to make it clearer to potential visitors that the region is best experienced through a multi-day stay. This could be a key tagline in all promotion or marketing materials for the future.

➔ **Encourage and support expansion plans of tourism operators, while mitigating related infrastructure barriers,** so that tourism operators are supported in expanding their businesses, operating year-round, and upgrading their existing facilities.

Initiative 3: Promote non-Cabot Trail attractions and destinations	
Description Tourism offerings in non-Cabot Trail regions are less accessible and well-known to the average visitor. Promotion and partnerships with operators in the regions could encourage longer stays and excursions amongst visitors. Additionally, investment to improve transportation infrastructure in these regions would also support growth.	Key stakeholders • Destination Marketing Organizations • Nova Scotia Government • Tourism Operators • Municipalities

Example Next Steps

➔ **Develop a centralized list of tourism operators in non-Cabot Trail regions that visitors can access.** As discussed above, a central or comprehensive repository that visitors can easily access does not exist – this would bring greater visibility to tourism businesses in non-Cabot Trail regions and help potential visitors plan their trips.

➔ **Promote partnerships across tourism providers.** While some of the tourism operators consulted with already partner with each other, encouraging more partnerships across regions would bring greater visibility to tourism businesses in non-Cabot Trail regions and support longer trips.

➔ **Encourage tourism operators to provide packages.** Similarly, while some tourism operators already provide packages with each other, encouraging more packages across regions would also bring greater attention to non-Cabot Trail tourism businesses.

➔ **Invest in improving transportation infrastructure,** which would facilitate easier travel to non-Cabot Trail regions. Stakeholders highlighted poor winter road conditions and lack of public transportation as key transportation barriers to visitor mobility.

Initiative 4: Incentivize year-round operation for tourism providers	
Description To position Unama'ki Cape Breton Island's tourism sector as a true four-season destination, incentivizing year-round operation is needed. As it currently stands, Unama'ki Cape Breton Island's tourism operators face a variety of barriers to year-round operation.[23] Among others, key barriers include: • Tax incentives (i.e., Bill 191) and employment insurance • Availability of other tourism operators • Labour shortages • Adequate energy/utility infrastructure • Adequate transportation and housing infrastructure for year-round workers Mitigating these barriers would incentivize and empower tourism providers to operate year-round.	**Key stakeholders** • Destination Marketing Organizations • Nova Scotia Government • Tourism Operators • Municipalities • Capital investors

Example Next Steps

➔ **Invest in the mitigation of current barriers to year-round operation,** including Bill 191, reduce seasonal dependency on EI, and the mitigation of infrastructure barriers. Based on stakeholder consultation, these barriers are pervasive and a significant impediment to their businesses.

➔ **Support co-ordination across key stakeholders to encourage year-round operation;** this would signal to the sector that there is a commitment to developing the sector as a year-round destination for the future.

➔ **Conduct future impact studies to assess the benefits of removing certain barriers on the tourism sector,** which would allow stakeholders to track return on specific investments into the sector and better track growth indicators.

5.1.1 CURRENT BARRIERS

A crucial component to the success of the recommended initiatives is in *mitigating barriers* tourism providers face in either 1.) growing their businesses or 2.) operating year-round. This section highlights three current barriers that cut across both these challenges, based on qualitative findings from stakeholder consultation.

The mitigation of these barriers would support an environment conducive for the expansion of businesses needed to propel the sector forward.

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[23] A full list of barriers identified by Unama'ki Cape Breton Island's tourism providers from a short-form questionnaire (N=33), can be referenced in Appendix A – Stakeholder survey insights.

Barrier 1: Bill 191 – <u>Tax incentives for seasonal closures</u>

Bill 191 is a Nova Scotia-wide bill that grants seasonal tourist businesses (i.e., tourism businesses that close for at least 4 consecutive months a year) reduced tax rates.[24] This provides a tax incentive for seasonal closures.

While there is no formal tracking of tourist businesses in Unama'ki Cape Breton Island that are eligible for Bill 191, or even a count of businesses that close for at least four consecutive months a year, insights from our short-form questionnaire completed by 33 of the region's tourism operators revealed that over half (58%, 19 respondents) close seasonally. Further, of the 19 respondents (58%) that close seasonally, 18 of them (95%) close for at least four consecutive months a year – making them eligible for Bill 191.

Tourism operators were also probed on the key barriers they face to operation, including the barrier "Tax Incentives and EI". While this barrier was frequently chosen across all respondents, it was especially prominent for:

- All operators included in the long-form questionnaire[25] – 60% identified "Tax Incentives and EI" as a key barrier to expansion. These respondents include some of Unama'ki Cape Breton Island's largest tourism operators).
- Tourism providers in the short-form questionnaire who consider year-round operation viable but are not currently operating year-round – 75% selected "Tax Incentives and EI" as a key barrier.

Figure 10 and Figure 11 below illustrate these findings:

Figure 10: Long-form questionnaire, key barriers to expansion

- Other
- Supply chain issues
- Cost of year-round power from NS Power
- Afraid of not recovering investment
- Lack of customers to justify expenditure
- Adequate transportation infrastructure
- Adequate housing infrastructure for guests
- Adequate housing infrastructure for staff
- Adequate energy/utility infrastructure
- Regulations/public policy
- Tax incentives and EI
- Availability of other tourism operators
- Availability of partner organizations
- Labour shortages and skills mismatches

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[24] Nova Scotia Legislature, "Bill No. 191 (as introduced.)" 2005. https://nslegislature.ca/legc/bills/59th_1st/1st_read/b191.htm
[25] The long-form questionnaire was disseminated to those stakeholders we had in-person consultation with: Keltic Lodge at the Highlands, Destination Cape Smokey, Cabot Cape Breton, the Inverary Inn and Parks Canada.

Figure 11: Short-form questionnaire, key barriers to year-round operation for those who consider it viable
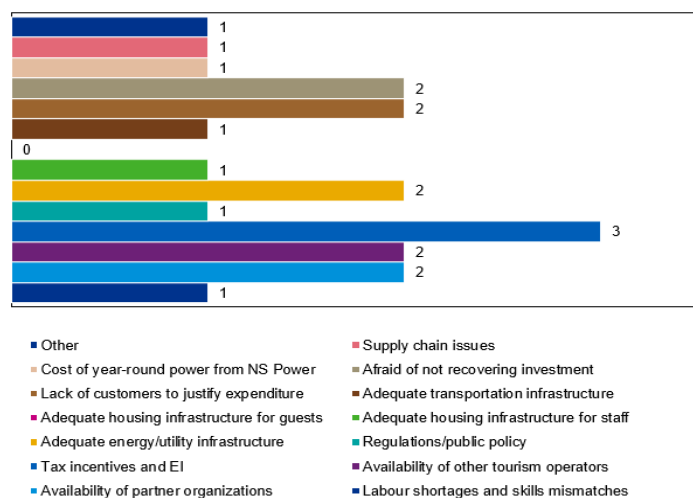
Though the questionnaires were not meant to be representative, the relatively high proportion of seasonal operators supports that more could be done to incentivize year-round operation.

Barrier 2: Dependency on Employment Insurance

Data on employment insurance (EI) for Unama'ki Cape Breton Island's tourism sector is significantly lacking. Statistics Canada tracks the number of EI beneficiaries for Cape Breton Island, but not for the tourism sector, making it difficult to exactly quantify the cost of the sector's dependency on EI.

Qualitatively, insights from stakeholder consultation and questionnaires confirm EI is a key barrier tourism operators face. As described above, Figure 11 and Figure 12 show that "Tax Incentives and EI":

• Is a significant barrier to expansion, as selected by respondents in the long-form questionnaire (60%)
• Is a significant barrier to year-round operation, as selected by respondents who consider it viable in the short-form questionnaire (75%)

Data on EI from Statistics Canada for Unama'ki Cape Breton Island shows there is a general seasonality trend. Figure 12 below shows this seasonality by month for 2019[26] [27] and Figure 13 below shows a comparison of this seasonality by month between Unama'ki Cape Breton Island, Nova Scotia, and Canada.

Figure 12: Unama'ki Cape Breton Island (all sectors) - EI Beneficiaries 2019
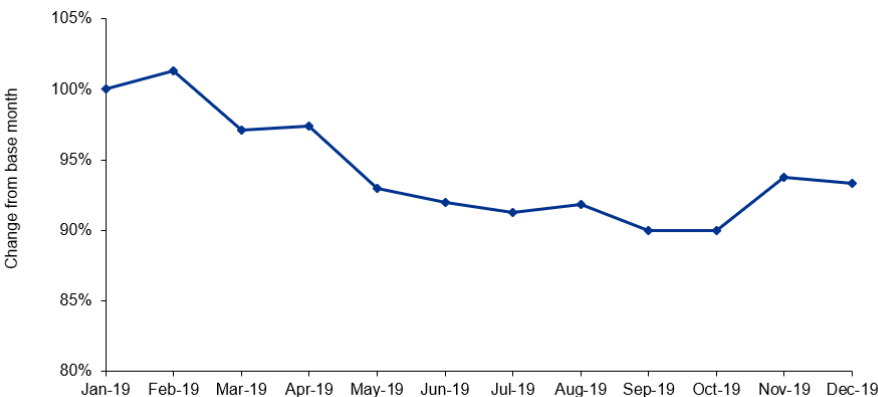
As illustrated, the number of EI beneficiaries generally increases during the off-season (e.g., winter months when operators are likely to close) and decreases during the summer season.

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[26] 2019 data was selected as a pre-COVID 19 year; the pandemic introduces noise in the data for EI.
[27] Note that in this Figure, January 2019 is considered the "base month." An index is constructed which takes the EI beneficiaries a given month, divided by the EI beneficiaries in the base month.

Figure 13: Unama'ki CBI, Nova Scotia, Canada (all sectors) - EI Beneficiaries 2019
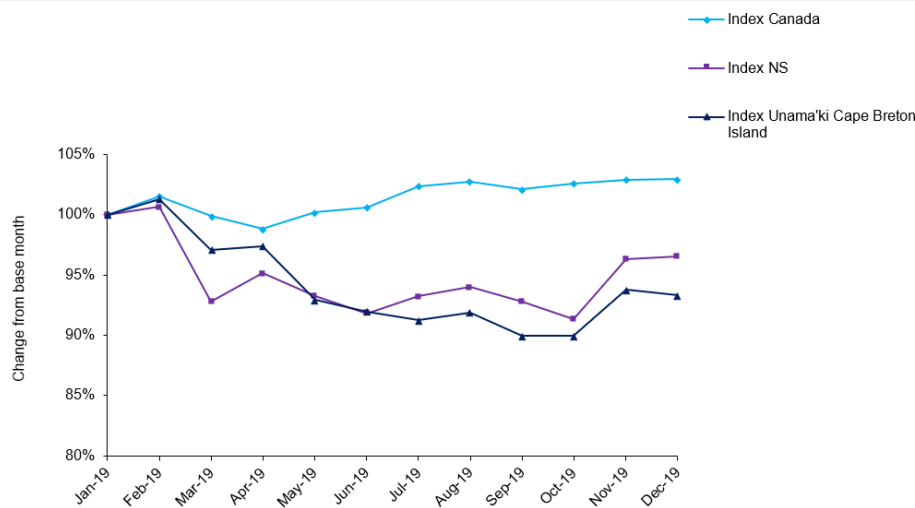
Compared to the relatively smoother line for Canada, it is clear Nova Scotia and Unama'ki Cape Breton Island show higher seasonality trends across EI beneficiaries throughout the year. Between Nova Scotia and Unama'ki Cape Breton Island, there is close co-movement from both during most months.

Based on this same 2019 data, Unama'ki Cape Breton Island had an average of approximately 9.4K EI beneficiaries each month; representing about 7% of the region's total population. This is more than double the entire province's share of EI beneficiaries-to-population, which is approximately 3%. While data for the tourism sector is unavailable, the results support that a larger portion of the Unama'ki Cape Breton Island region is dependent on EI than the rest of the province.

Though data for the tourism sector in Unama'ki Cape Breton Island is unavailable, we would expect this trend to be very similar if not more pronounced, as tourism sectors generally have a seasonality component. An archived data set from Statistics Canada, which tracks EI by NOC code for Canada and Nova Scotia only, supports higher seasonality trends across tourism-related occupations[28] (Figure 14 below[29] [30]).

Figure 14: Canada and Nova Scotia - EI Beneficiaries by NOC code, 2015-2019 (tourism-related occupations)
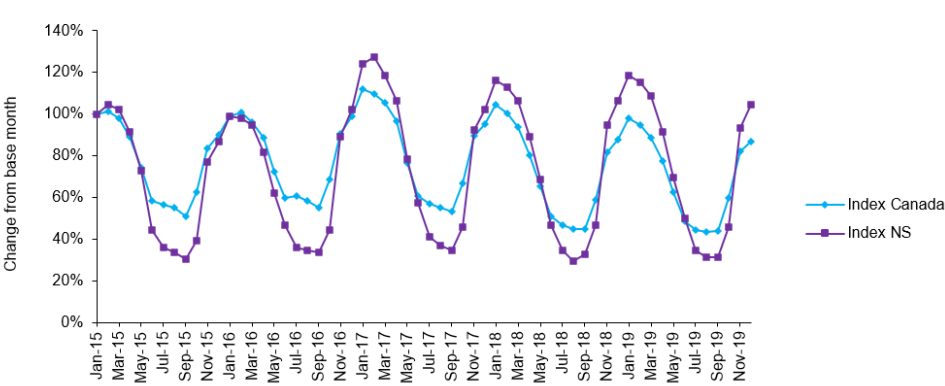
This figure gives evidence that there is high seasonality for tourism-related occupations. The number of EI beneficiaries consistently decreases during summer months from about May – September across 2015-2019. The magnitude of the peaks and valleys is also more pronounced for Nova Scotia than it is all of Canada.

In summary, the available data from Statistics Canada confirms: 1.) Unama'ki Cape Breton Island is relatively more dependent on EI than the rest of the Province and Canada, and 2.) While data for Unama'ki Cape Breton Island's tourism sector is unavailable, there is evidence tourism sector-related occupations display pronounced and consistent seasonality trends.

If Unama'ki Cape Breton Island's tourism sector could incentive year-round operation, this could potentially represent significant EI savings for the government.

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[28] There is no widely used definition of the tourism sector by NOC code. In general, it is difficult to define the tourism sector by NOC code as many occupations relevant to the tourism sector are also relevant for others; meaning a single NOC code could have many different sectors baked into it. For the purposes of this Figure, only three clear tourism codes were used as an example: 651 - Occupations in food and beverage service, 652 - Occupations in travel and accommodation, and 653 - Tourism and amuse services occupations.
[29] Five years pre-COVID 19 data was selected, as pandemic data introduces noise for EI data.
[30] Note that in this Figure, January 2015 is considered the "base month." An index is constructed which takes the EI beneficiaries a given month, divided by the EI beneficiaries in the base month.

Barrier 3: Inadequate infrastructure

Unama'ki Cape Breton Island's tourism operators identified a variety of infrastructure-related barriers they face, including a lack of adequate transportation and housing to support year-round operation, that affect their expansion plans and viability of year-round operation.[31]

Based on stakeholder insights from short-form (N=33) questionnaires, approximately 60% selected an infrastructure-related barrier a significant impediment to their business. Infrastructure barriers identified included:

- "Adequate energy/utility infrastructure"
- "Adequate housing infrastructure for guests"
- "Adequate housing infrastructure for staff"
- "Adequate transportation infrastructure"
- "Cost of year-round power from NS Power"

Figure 15 below provides a breakdown of some of these operators' responses.

Figure 15: Key barriers during off-season operation for year-round businesses
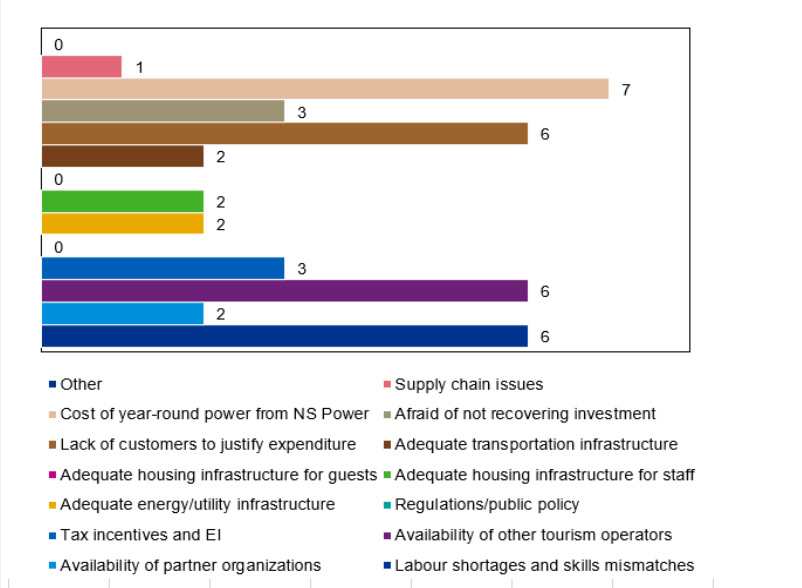
Figure 15 shows operators find "Cost of year-round power from NS Power" as the most challenging barrier to off-season operation. Additionally, "Adequate housing infrastructure for guests," "Adequate energy/utility infrastructure," and "Adequate housing infrastructure for staff" were all selected by respondents.

There is significant opportunity for key stakeholders in Unama'ki Cape Breton Island to mobilize and dedicate coordinated investment efforts towards improving tourism-related infrastructure.

While the upfront costs may seem significant, the positive impact of infrastructure investments in the tourism industry is very well-documented throughout economic literature and industry reports. Two example case studies highlighting the high return on investment on infrastructure are presented below.

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[31] A detailed description of the barriers tourism operators reported facing can be referenced In Appendix A – Stakeholder survey insights.

Case Study 1: A 2022 economic analysis of an infrastructure investment package in Kuelap, Peru for the construction of its cable car system and the redevelopment of its nearby airport, showed that the number of visits to the region increased by approximately 100%. This increase was directly attributable to the infrastructure investment.

Case Study 2: A UNESCO study showed that an investment of £1 million in the United Kingdom for their Cornwall and West Devon Mining Landscape tourism site to improve visitor facilities resulted in significant positive impacts during its implementation. In addition to an increase in visitor numbers, there was also a 20% increase in visitor spend among heritage related business in the area, and an average increase of 138% in visitor spend for those same businesses.

5.2   IMPROVED MEASUREMENT MONITORING

To support future growth initiatives, improved measurement monitoring would enable Cape Breton Partnership and key stakeholders to more accurately conduct EIAs for specific tourism activities, mitigation of barriers, and specific investments on Unama'ki Cape Breton Island.

The original scope of the Economic Impact Assessment was to estimate the current and future state impacts generated by visitors to the Cabot Trail. The Cabot Trail is not a defined economic or legislative region, rather it is comprised of numerous municipalities and two counties, that are not entirely defined within the bounds of the trail. This presented challenges in collecting enough data to produce a defensible methodology to measure the isolated impact of the Cabot Trail. As such, the lack of granularity or consistency of available data resulted in a generalization of the assessment to the entire Unama'ki Cape Breton region. Even within this larger region, significant data gaps were identified during the collection stages of this project (the detailed gap assessment can be referenced in Appendix B – Data gap analysis). Certain assumptions were made to overcome these data limitations Figure 16 below summarizes the data gaps identified across the key indicators measured in our modelling.

Figure 16: Data Gap Summary
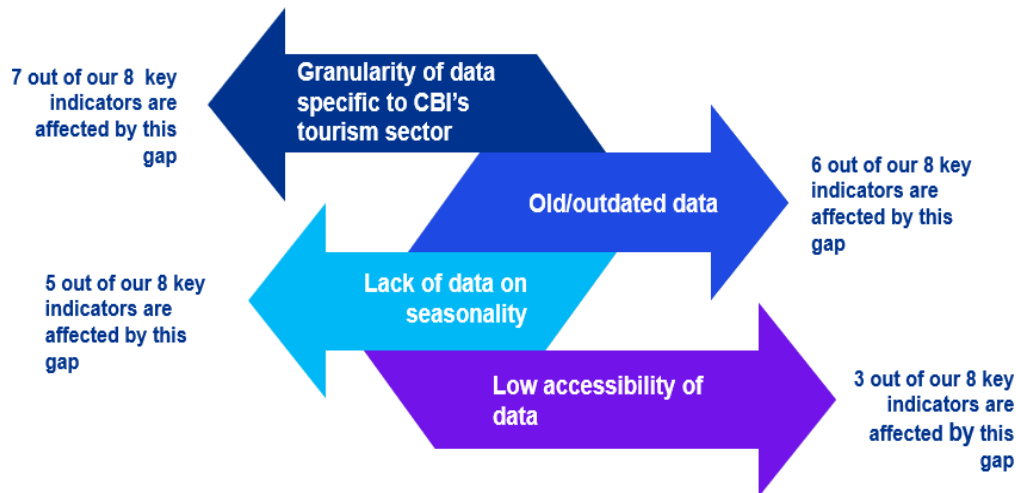
To address the lack of data available at a more granular level (such as at the Cabot Trail or municipal level) and to improve the accuracy of measurements, KPMG recommends five strategies to support better measurement monitoring of economic and visitation data. These strategies are provided as high-level guidelines that provide

direction in terms of tools that are likely to improve accuracy and granularity for the benefit of future economic impact studies and allow Cape Breton Partnership and key stakeholders. These strategies are:

1. Improved monitoring of seasonal visitation

2. Longitudinal tourism operator studies

3. Focus on municipal and community partnerships

4. Study on indirect tourism providers

5. Deepen understanding of consumer profiles

The five recommended data collection strategies, example tools, and the key stakeholders that may be involved of each are provided in the overviews below (full details can be referenced in Appendix C – Strategies for improved measurement).

> ### *Next Steps: Case Study of a municipality within the County of Victoria*
>
> *In addition to the five strategies provided below, Cape Breton Partnership may wish to take immediate action in conducting a case study of a specific municipality located on the Cabot Trail, specifically, the County of Victoria, using the methodology developed for this report. A micro-level case study would generate estimates of current state impacts and future opportunities that are both comparable with the impacts generated in larger geographic catchments, and also provide tangible insights to mobilize and direct key stakeholders such as investors, large tourism operators and policymakers. One municipality that provides a strong case for a micro-level case study is Ingonish, as this municipality is the location of two of the major anchor attractions on the Cabot Trail that have demonstrated a willingness to pursue growth and investment towards year-round operations—Cape Smokey and Golf North. Note, additional data collection would be required to conduct this case study from operators and municipal stakeholders.*

Strategy 1: Improved monitoring of seasonal visitation	
Description Seasonal visitation refers to the profile and number of tourists that visit Unama'ki Cape Breton on a monthly/seasonal basis. Data can be collected directly from consumers visiting the island through operators, visitors, and/or indirectly through web-based platforms such as accommodation aggregators and web-based analytics platforms (e.g. Google Analytics, social media insights). The objective of data collection activities is to develop a stronger sample/proxy for estimating the number of visitors to Unama'ki Cape Breton Island at different timepoints and understanding how visitors may differ in terms of their sought-after attractions/activities by season. Current proxies given available data are reliant on assumptions based on either a broader geographic catchment (e.g. Nova Scotia) or on a subset of activities/destinations (e.g. Parks Canada).	Key stakeholders • Regional tourism boards/organizations • Nova Scotian tourism organizations • Accommodation providers/aggregators • Tourists/visitors
Tools ➔ **Operator-based questionnaires:** Short questionaries that tourism operators may include at entry point of sale, allowing for simple and consolidated data collection into consumer demographic data and types of activities preferred by tourists at different seasonal points. ➔ **Point of entry data collection**: Short surveys and/or questionnaires collected at key points of entry (airports, cruise terminals, and information centres at key highway junctions) to collect simple non-identifiable demographic data such as family size, intended activities and intended lengths of stay and other key determinants of tourist spend. ➔ **Hotel occupancy data:** Leverage relations with established hotels and accommodation providers to collect monthly/seasonal occupation statistics or with web-based accommodation booking aggregators (such as booking.com or Expedia.ca) for their shareable data. ➔ **Web-based analytics:** Google Analytics and social media insight applications can provide time-series data on keyword searches for Unama'ki Cape Breton Island tourism activities and/or accommodation.	

Strategy 2: Longitudinal tourism operator studies	
Description	**Key stakeholders**
Longitudinal studies are studies that collect consistent data points from a cohort of observations over time. These studies are advantageous in that not only can they identify trends over time broadly, but they can also identify how individual observations' outcomes have been impacted by interventions and changing dynamics.	• Tourism operators
Conducting a longitudinal study on a sample of Unama'ki Cape Breton Island tourism operators can help answer the following questions:	
- Are tourism operators becoming more productive over time?	
- Are operators becoming more likely to remain open during the offseason?	
- Are operators able to maintain a larger full-time workforce across the full year?	
- Are businesses become more viable over time?	
- Are businesses becoming more likely to form partnerships with other tourism providers?	
Longitudinal studies will also provide more robust micro-level data that can be used to improve future forecasting of the sector's size and economic impact. Furthermore, these studies provide optimal datasets for evaluating causal impacts on the tourism sector, such as the impact of a policy change or an influx of funding to the sector.	
Conducting a study on an annual basis during high season would be sufficient in terms of capturing effects over time and would increase the representativeness of the sample—compared with drawing a sample from the limited providers that operate in the offseason.	

Tools

➔ **Operator Surveys:** Surveys are the best mechanism for conducting longitudinal studies as they provide a relatively low effort way of capturing similar data points over time; operator responses can be tracked over time through anonymized response IDs.

➔ **Incentives:** Operators may need to be incentivized to participate in a study that requires annual input. Incentives can be cash (or cash equivalent) and/or non-cash benefits that provide value to tourism providers such as an annual benchmark report, providing operators individualized results of their responses against similar businesses.

Strategy 3: Focus on municipal/community partnerships	
Description Currently, no data has been collected directly from municipalities or community/regional groups. Insights from stakeholder engagement has revealed that the nature of businesses and the types of activities sought after by visitors can vary heavily across regions on Unama'ki Cape Breton Island (e.g. comparing municipalities on the Cabot Trail vs those not located on the Trail). Without data at the municipal or regional level, it is very challenging to differentiate the economic impacts by Unama'ki Cape Breton Island region. Municipalities may collect or be able to collect detailed data about the tourism operators in their region, high level information about tax benefit usage and to a lesser extent visitation data at a regional level. Developing data collection partnerships at the municipal level may also encourage increased alignment and buy-in with broader Unama'ki Cape Breton tourism strategies. Community and/or regional tourism boards provide another source from which data can be collected at the municipal/regional level. Tourism boards, along with chambers of commerce include tourism operators and other stakeholders that may be directly or indirectly contributing to the tourism sector. These groups may be able to provide granular, up to date data of tourism visitation and business operations as well as qualitative insights into the unique economic circumstances of their respective regions.	Key stakeholders • Municipalities • Community/regional tourism boards and chambers of commerce

Tools

➔ **Business registries:** Municipal business registries may provide an updated source of data to collect current tourism operator information at a localized level.

➔ **Collaboration with business/commerce chambers:** Tourism boards and chambers of commerce are likely to be more aware of the unique economic circumstances facing the region and can provide more granular and up to date insights into the mix of tourism activities available year-round in the region.

Strategy 4: Study on indirect tourism businesses	
Description The current Master Database includes the distribution of all direct tourism businesses and number of employees across sectors on Unama'ki Cape Breton Island. What is not known is the equivalent number and distribution of indirect tourism businesses in the region. Indirect tourism providers include those businesses and sectors that provide services and supports towards businesses providing direct tourism services to consumers. Examples of these businesses would be maintenance providers towards attractions such as national parks, golf courses and ski resorts. Comprehensive tourism economic impact assessments include the quantification of impacts generated by indirect sectors supporting the tourism sector. From a modelling perspective, the indirect economic effects are imbedded in Statistics Canada's input-output multipliers, but the qualitative understanding of which sectors contribute to tourism's economic outputs is a black box. Currently the study relies on generalized assumptions on the distribution of businesses, employees and types of indirect sectors operating on Unama'ki Cape Breton Island. Performing a study with the purpose of gaining a deeper understanding of indirect tourism operations on Unama'ki Cape Breton Island will increase the knowledge base of what indirect operators are receiving benefits from tourism activities.	Key stakeholders • Tourism operators • "Indirect" tourism businesses

Tools

➔ **Activity-based case studies:** Case studies provide a relatively low effort mechanism for understanding how indirect tourism providers operate on Unama'ki Cape Breton Island.

➔ **Market research:** Market analysis performed through estimating the number of businesses and employees on Unama'ki Cape Breton Island by indirect tourism NAICS codes will provide a more thorough understanding of the distribution of indirect sectors and their relative economic impacts.

Strategy 5: Deepen understanding of consumer profiles

Description	Key stakeholders
The profile of tourists is a key determinant of both the size and distribution of the economic output they generate through tourism related consumption. For example, a family is likely to consume a different bundle of goods and services and may spend a different amount of time on Unama'ki Cape Breton Island than a couple or solo traveler. Demographic indicators that have influence on economic outputs and impacts of tourists include: - Family size - Age - Household income - Point of origin Each of these factors may influence the average length of stay, activities purchased, and average spend of the visitor to Unama'ki Cape Breton Island. Increasing the depth of understanding into the distribution of visitors will increase the accuracy of economic impact measurements and allow the isolation of impacts by a given consumer profile.	• Tourists/visitors • Tourism operators • Cape Breton tourism boards/organizations

Tools

➔ **Consumer surveys:** The best method toward capturing a representative sample of Unama'ki Cape Breton Island visitors is through surveys targeted at understanding the consumer's demographics.

➔ **Operator incentives:** Polling of tourism operators including accommodation and activity providers is a useful medium for collecting demographic data such as age, point of origin and length of stay of consumers.

6. Conclusion

This study provides CBP an analysis of the economic impacts currently driven by the tourism sector in Unama'ki Cape Breton Island across the economy, and the growth potential for these impacts should key barriers to growth be removed or optimal conditions be enabled. The study considered the potential impacts of Unama'ki Cape Breton Island's year-round tourism operations growing in-line with comparator tourist regions in Canada with more sophisticated year-round infrastructure and activities. Additionally, we estimated the impacts of other key growth levers such as visitors spending more time in the region, spending their money on higher impact activities, and attracting higher spending visitors—including first-time visitors and visitors from outside Atlantic Canada.

Tourism is a major driver to the regional economy of Unama'ki Cape Breton Island and Nova Scotia in its current state. Our modelling estimates that tourism activities in Unama'ki Cape Breton Island generates between $575M to $721M in total economic output throughout the direct, indirect and induced sectors involved in tourism production. This total tourism output corresponds to 4% – 5% of total economic output in the region and 8% – 9% of total jobs. Comparatively tourism in Nova Scotia as a whole generates 3% – 4% of provincial output and 6% – 7% of total jobs, meaning that tourism is a relatively more significant contributor to Unama'ki Cape Breton Island's regional economy. This is coupled with the fact that the number of visitors to the island makes up 20% of total Nova Scotia tourists, despite the region only making up 13.6% of provincial population and that a dollar of tourism spending in Unama'ki Cape Breton Island generates more total output, GDP, taxation revenue and jobs than a dollar spent elsewhere in tourism in Nova Scotia. Considering that the typical visitor spends less money and less time visiting Unama'ki Cape Breton Island than a visitor who visits other parts of the province, the tourism sector in the region produces far beyond its weight and has a significant opportunity for further growth.

Future state scenarios were informed by stakeholder feedback and research into tourism trends in other comparator regions and jurisdictions. Each scenario can be enabled through either mitigating key barriers to growth raised by stakeholders or targeting the highest impact visitors or activities. The ranges in future growth are thus considered reasonable and achievable targets for the region. Increasing year-round tourism operations serves to provide a significant opportunity for regional growth, however impacts may be limited by general seasonal demand as observed in tourist regions with more sophisticated winter tourism activities and infrastructure (Banff, Whistler). Other large impacts are likely to be driven by the type of visitor who visits Unama'ki Cape Breton Island—increases in average spend and length of stay provide the highest future impact opportunity. There is very limited to nil growth opportunity to be derived from visitors spending on activities that tend to be of higher impact (sports, heritage institutions, restaurants, and bars) as the region's activities are already heavily concentrated in those high impact sectors. If all growth scenarios are to be realized in at least some level, total tourism economic output stands to grow by $125M to $512M, or roughly 20-90% of total current output.

Moving forward, it is important for CBP to continue to collect and monitor trends in visitation and tourism spending/operations on Unama'ki Cape Breton Island. KPMG's analysis relies on assumptions where there are data gaps – removing these gaps are likely to result in more specified and granular impacts. Lastly, enabling growth towards an optimal future state of tourism in Unama'ki Cape Breton Island will likely require coordination

and investment from partners and stakeholders at various levels of government, tourism operators and private investors. This report provides CBP with evidence-based figures and future pathways of potential opportunity for Unama'ki Cape Breton Island's tourism sector.

Glossary

Current state: The economic impacts of tourism in Unama'ki Cape Breton as it currently stands.

Data collation: The collection and sorting of data in a database.

Direct impact: Economic activities generated by sectors that provide goods and services directly to visitors. These include Unama'ki Cape Breton accommodation, ski-hills, cruise liners, restaurants, retail stores, and transportation services (car rentals, tour buses, etc.)

Economic impact analysis (EIA): A methodology for evaluating the impacts of a project, program or policy on the economy of a specified region.

Economic indicator: A metric used to measure the overall state or parts of the economy. Examples include GDP, growth rate, and unemployment rate.

Future state: The economic impacts of tourism in Unama'ki Cape Breton should growth levers be enabled.

Gap analysis: The identification of areas that lack sufficient (or any) data/research.

Gross domestic product (GDP): The total unduplicated value of goods and services produced in the economic territory of a country or region during a given period, expressed in market prices. Market prices is the valuation actually paid by the purchaser, after all applicable taxes and subsidies.

High impact subsector: For the purposes of this study, a "high-impact" subsector refers to a subsector which has a high output multiplier effect for every $1 spent into the economy, as defined by Statistics Canada. In the context of this study, the "high-impact" subsectors are the activity-driven subsector (e.g., performing arts/spectator sports/heritage institutions) and the food services & beverage subsector, relative to accommodations 7 camping.

High value visitor: A visitor that spends more during a trip to Unama'ki Cape Breton Island than average.

Indirect impact: Economic activities arising from purchases of inputs by the tourism sector from other businesses or sectors that service the sector. These include business-to-business services that support retail and accommodation services as well as maintenance on attractions such as national parks and ski resorts.

Induced impact: Economic output driven from the spending and reinvestment of the additional employment and business income earned in both direct and indirect tourism sectors.

Input-output model (IO model): A model that divides an economy into a matrix of sectors and products. They are generally used to simulate the economic impacts of an expenditure on a given basket of goods and services or the output of one or several sectors. The simulation results from a "shock" to an IO model will show the direct, indirect and induced impacts on GDP, which sectors benefit the most, the number of jobs created, estimates of indirect taxes and subsidies generated, etc.

Jobs: Not to be confused with employment, jobs is defined as the number of persons employed plus the number of job vacancies in the economy. As such, the number of jobs will exceed employment. Jobs do not take into consideration nor differentiate between full-time, part-time, casual or seasonal employees.

North American Industry Classification System (NAICS) codes: A classification of business establishments by type of economic activity or industry a business belongs to. NAICS codes can be at the 2, 3, 4, or 6-digit level, with 6-digit NAICS codes being the most specific and granular to a specific industry.

North American Occupation (NOC) codes: A classification of the economy by occupations, rather than economic activity or industry. There is currently no definition of the tourism sector by NOC codes, because it is more difficult to separate tourist vs. non-tourist occupations than it is to separate tourism vs. non-tourist sectors.

Output: The value of all sales of goods and services produced in the economic territory of a country or region during a given period; the sum of final purchases and intermediate inputs (i.e., output includes some double counting).

Taxes: Amounts of money received by a government from external sources (i.e., those originating from "outside the government"). For the purposes of this study, taxes comprise both taxes on products and production where:

- Taxes on products include: Goods and services tax (GST)/Harmonized sales tax (HST) and Provincial sales tax (PST).
- Taxes on production include: Property tax, taxes on payroll and capital, cost of business licenses, permits and fees.

Appendix A –

Stakeholder survey insights

This section presents the main findings from our stakeholder engagement activities. As noted above, our stakeholder engagement was not meant to be representative. As such, findings must be interpreted with caution due to the low sample size and the sampling methodology.

Our insights are organized across the following key themes:

1 **Descriptive statistics** where we ask stakeholders to provide background information of their business including the category they operate in, location, and business size.

- Most stakeholders engaged provide *Accommodation* and *Food and Beverage* services.

- Most stakeholders are clustered around the Cabot Trail in Inverness and Victoria County.

2 **Operations,** where we ask about the activities each operator offers, employees, revenue breakdown by peak, shoulder, and off-season.

- Across the stakeholders engaged, about half already operate year-round.

- The activities they offer can significantly vary across peak, shoulder, and the off-season.

3 **Consumer profile,** where we ask about the demographics of each operator's visitors.

- Stakeholders indicated a typical visitor is generally:

  - Middle-age to older

  - From Nova Scotia or other Canadian provinces

  - A first-time visitor

4 **Future plans and expansion,** where we identify stakeholders' key barriers to operating year-round, moving towards year-round operation, or expanding their business.

- The largest barriers operators face differs based on if they already operate year-round. For instance, adequate energy infrastructure and the cost of NS Power are more significant barriers for those businesses who already operate year-round.

  - Across all stakeholders the following barriers were identified as significant:

  - Labour shortages and mismatches

- Availability of other tourism operators

- Lack of customers to justify expenditure

5 **COVID-19 Impacts,** where we identify whether there have been any persistent impacts to tourism operators.

- Across the stakeholders engaged, they indicated there have been no persistent COVID-19 impacts on their business in terms of staffing, visitation, and organizational changes.

- Most businesses have largely recovered, revenue-wise, from COVID-19.

FINDINGS: LONG-FORM QUESTIONNAIRE (N=5, NUMBER OF RESPONSES = 6)[32]

DESCRIPTIVE STATISTICS

Key Takeaways

Appendix Figure 1: Primary Tourism Category
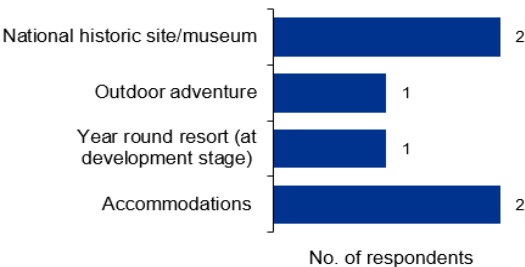
Stakeholders identified the primary category they operate in (they could only select one identifier).

Appendix Figure 2: Secondary Tourist Activities
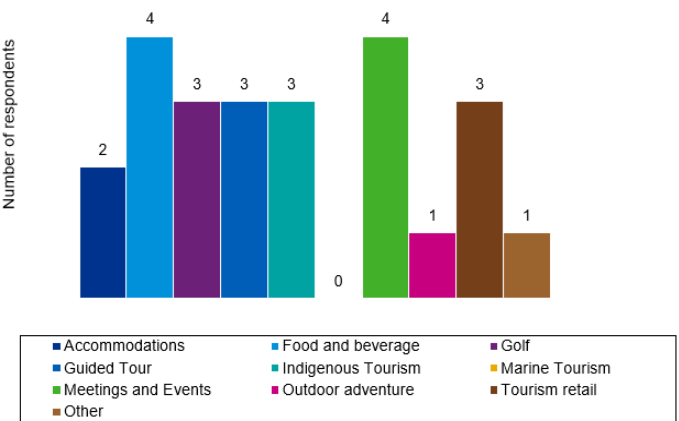
Stakeholders also identified the secondary tourism activities their businesses offer (they could select more than one).

As illustrated, operators provide a variety of activities. The most common being *Food and Beverage* and *Meetings and Events.*

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[32] Parks Canada submitted two questionnaire responses for their organization. We have presented the questionnaire results with both of their responses; however we consider the sample size to still be N=5.

Appendix Figure 3: Tourism Site Location
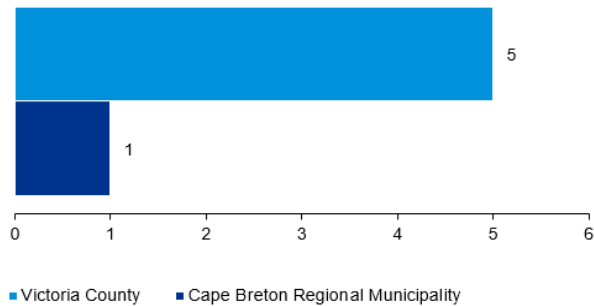
The majority of stakeholders are located in Victoria County, with only one located in Cape Breton Regional Municipality.

OPERATIONS

Key Takeaways

→ Most of the stakeholders already operate year-round.

Appendix Figure 4: Year-round operations
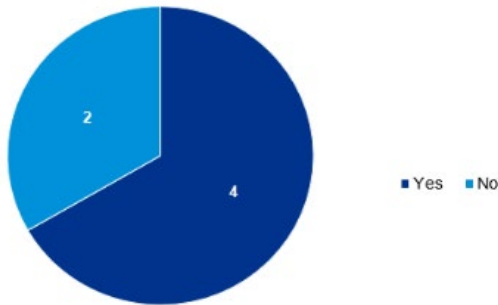
As illustrated in Appendix Figure 4, four out of six responses indicate year-round operation

→ Respondents commonly identified:

- Their peak season as being between late June – September
- Their shoulder season including May, June, and October
- Their off-season being between November - April

→ In terms of their employees, all respondents identified hiring approximately 5-8x more employees in their peak season than their year-round/regular employees.

→ Respondents also estimated approximately 80%+ of their revenue being generated in their peak season, with the rest generated in their shoulder and off-seasons.

→ All respondents indicated a substantial decrease in tourism/activity offerings when not in peak season.

CONSUMER PROFILE

Key Takeaways

→ Respondents commonly identified their typical visitors as being:

- Middle-aged to older
- Mostly couples, with the Parks sites seeing some more families
- Mostly being from Atlantic Canada or from other Canadian Provinces
- Mostly being first-timers, especially during their peak seasons

→ For growing their visitors, they identified the following types as being the greatest potential for the future:

- Younger-aged tourists (e.g., from 25-45 or younger)
- Tourists from urban areas
- More families
- Tourists focused on outdoor adventure experiences

FUTURE PLANS AND EXPANSION

Key Takeaways

→ In terms of their future, respondents indicated they are either planning to expand their offerings, move towards year-round operation, or expecting business to remain the same.

→ Additionally, most indicated they expect their business to grow over the next 5-years.

→ Stakeholders indicated a combination of barriers as being the largest challenges to either operating year-round or expanding their current year-round offerings.

Appendix Figure 5: Key barriers to expansion

- Other
- Cost of year-round power from NS Power
- Lack of customers to justify expenditure
- Adequate housing infrastructure for guests
- Adequate energy/utility infrastructure
- Tax incentives and EI
- Availability of partner organizations
- Supply chain issues
- Afraid of not recovering investment
- Adequate transportation infrastructure
- Adequate housing infrastructure for staff
- Regulations/public policy
- Availability of other tourism operators
- Labour shortages and skills mismatches

Appendix Figure 5 shows stakeholders' top barriers to expansion are:

- Lack of customers to justify expenditure

- Labour shortages and skills mismatches

- Availability of other tourism operators

- Tax incentives and EI

Appendix Figure 6: Would you be likely to operate year-round/expand current offerings if these barriers were mitigated?

- Yes
- No
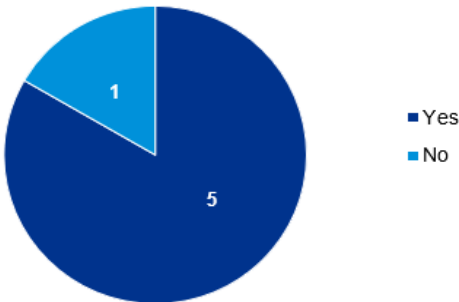
Most responses indicate that stakeholders would be willing to expand their business if these barriers were mitigated.

COVID-19 IMPACTS

Key Takeaways
→ In general, respondents indicated that there were no persistent COVID-19 impacts in terms of their business offerings, organizational changes, and visitor demographics.   → All indicated that COVID-19 had a significant negative impact on their revenue, but that as of today they have largely recovered.

FINDINGS: SHORT-FORM QUESTIONNAIRE (N=33)[33]

DESCRIPTIVE STATISTICS

Key Takeaways

Appendix Figure 7: Primary Business Category

Respondents were asked to select the primary category they operate in.

Appendix Figure 7 shows that the respondents skew heavily towards providing *Accommodations,* followed by *Guided Tour* and *Food and Beverage.*

Appendix Figure 8: Tourism Site Location

■ Membertou   ■ Victoria County
■ Richmond County   ■ Inverness County
■ Cape Breton Regional Municipality

The majority of stakeholders are located in Inverness County (14), followed by Victoria County (12) and are clustered around the Cabot Trail.

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[33] Note that the short-form questionnaire did not ask operators about COVID-19 impacts.

Key Takeaways

Appendix Figure 9: No. of employees

● 0-5	24
● 6-10	5
● 11-20	1
● 21 or more	3
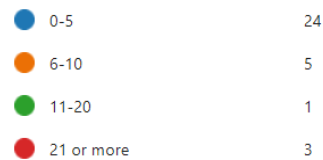
Most operators are small businesses, as the majority (73%) indicated they employ only 0-5 employees.

OPERATIONS

Key Takeaways

→ Most of the respondents do not operate year-round.

Appendix Figure 10: Year-round operation

■ Yes
■ No

(14) 42%
(19) 58%
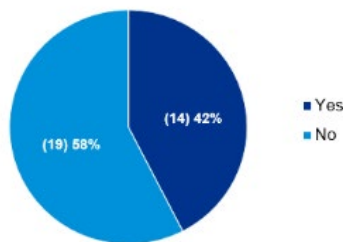
As illustrated in Appendix Figure 101, over half (58%) of respondents do not operate year-round.

→ In terms of seasonality by month:

- 100% of respondents operate in June-August
- 97% of respondents operate from September-October
- 73% of respondents operate in May
- 48% of respondents operate in November
- 45% of respondents operate in December – April

Key Takeaways

Appendix Figure 11: Seasonal operation by month

● January	15	
● February	15	
● March	15	
● April	15	
● May	24	
● June	33	
● July	33	
● August	33	
● September	32	
● October	32	
● November	16	
● December	15	

The breakdown of operation by month in Appendix Figure 11 roughly matches the identification of peak vs. shoulder vs. off-season from the long-form questionnaire.
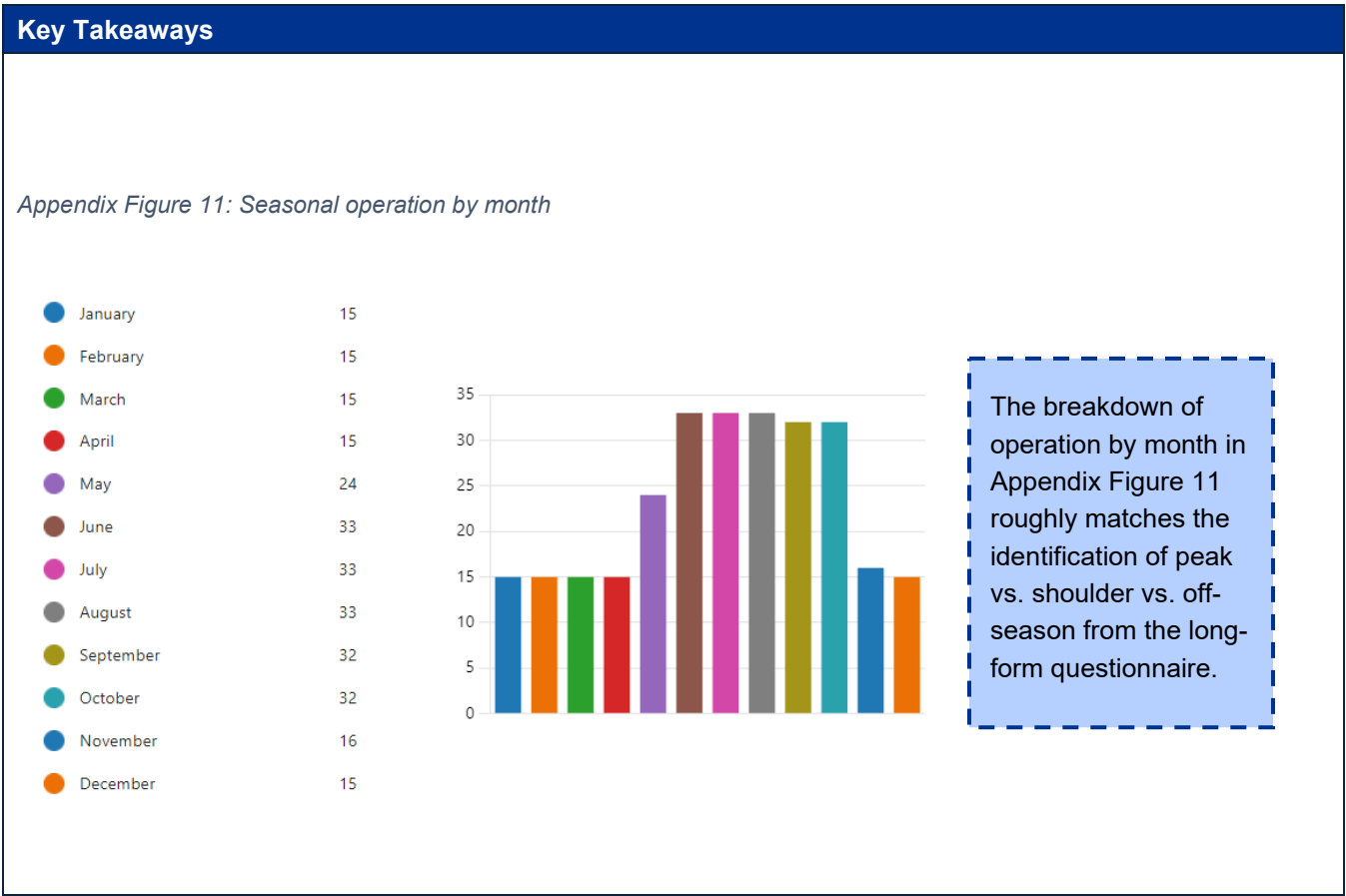
CONSUMER PROFILE

Key Takeaways

→ Respondents indicated that the percentage of their visitors from Canadian Provinces (excluding Nova Scotia) range from 5%-85%, with a median of 42.5% and mode of 30%.

→ Respondents indicated that the percentage of their visitors from outside Canada range from 5%-80% with a median of 25% and mode of 20%.

→ Visitation is primarily driven by Canadian tourists.

FUTURE PLANS AND EXPANSION

<table>
<tr><td>**Key Takeaways**</td></tr>
</table>

→ In terms of their future, most respondents (64%) indicated they are not planning on retiring, closing or selling their business within the next 5 years.

Appendix Figure 12: Business plans for the next 5 years: Are you planning on retiring, closing or selling your business?

(12) 36%
(21) 64%

■ Yes
■ No

Of the respondents (36%) who indicated they were planning on retiring, closing or selling their business, the primary reason for this decision was:

- Age
- Long hours
- Work is too physically demanding

→ The majority of respondents indicated in the next 5 years they anticipate their business will either grow (58%) or remain the same (36%). Only 6% indicated they anticipate their business shrinking.

Appendix Figure 13: Business growth in the next 5 years.

● Grow	19
● Shrink	2
● Remain the same	12

→ For those 19 respondents who indicated they anticipate business growth, they identified the following potential plans for expansion:

Key Takeaways

Appendix Figure 14: Potential business expansion plans.
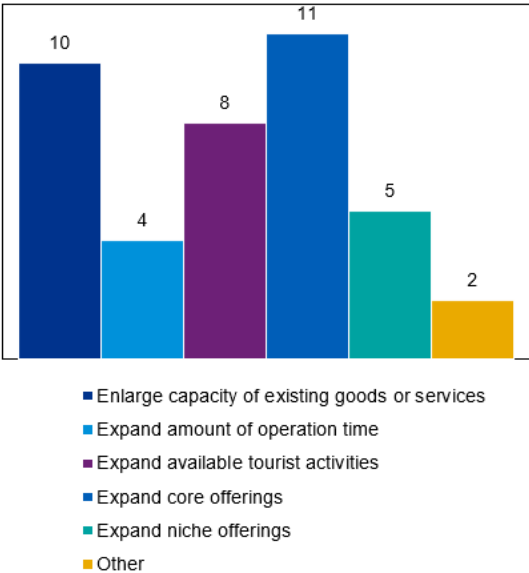
The most popular potential expansion plans were:

- Expand core offerings (chosen by 58%)

- Enlarge capacity of existing goods or services (chosen by 53%)

- Expand available tourist activities (chosen by 42%)

→ Key barriers faced by respondents differed across those who already operate year-round vs. those who do not. Amongst respondents that do not operate year-round, key barriers they face also differ by whether they consider operating year-round a viable option or not. The breakdown of these barriers are presented below.

Appendix Figure 15: Key barriers for year-round operators in their off-season (n=14)
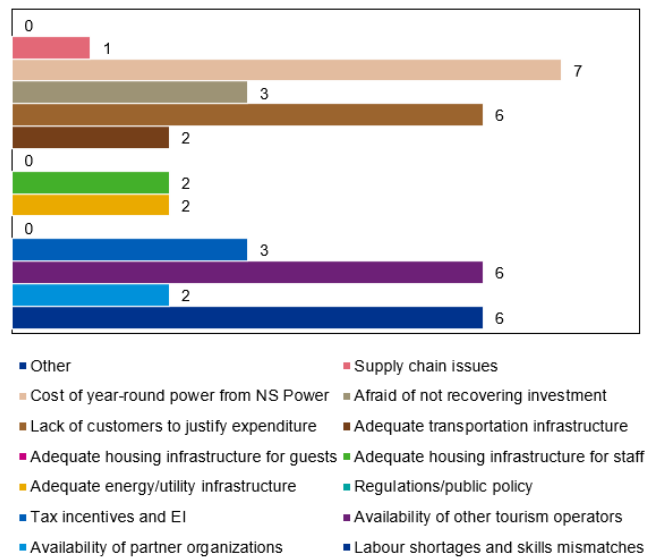
Appendix Figure 15 shows for year-round operators, their largest barriers are:

- Cost of year-round power from NS Power (chosen by 37%)

- Labour shortages and mismatches (chosen by 32%)

- Availability of other tourism operators (chosen by 32%)

- Lack of customers to justify expenditure (chosen by 32%)

Appendix Figure 16: Key barriers preventing year-round operation for seasonal businesses who believe it is a viable option (n=4)
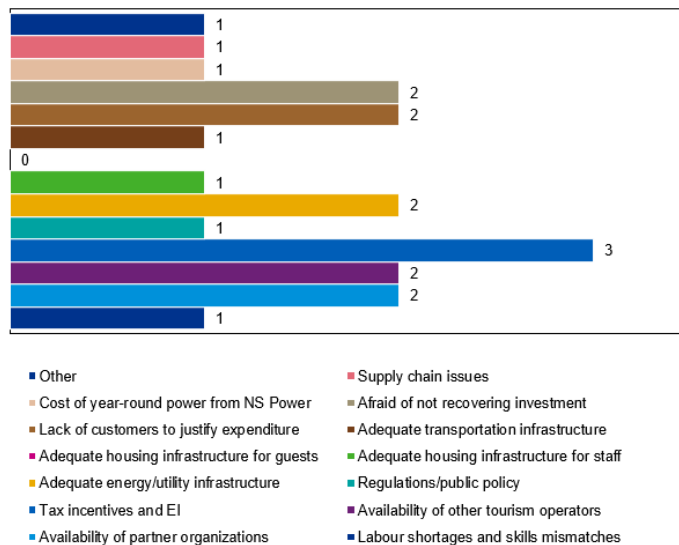
Seasonal operators who believe year-round operation could be viable identified the largest barriers they could face as being:

- Tax incentives and EI (chosen by 75%)

- Availability of partner organizations/vendors (chosen by 50%)

- Availability of other tourism operators (chosen by 50%)

- Adequate energy/utility infrastructure

- Lack of customers to justify expenditure (chosen by 50%)

- Afraid of not recovering investment (chosen by 50%)

Key Takeaways

Appendix Figure 17: Key barriers preventing year-round operation being a viable option for seasonal businesses (n=15)

Legend:
- Other
- Cost of year-round power from NS Power
- Lack of customers to justify expenditure
- Adequate housing infrastructure for guests
- Adequate energy/utility infrastructure
- Tax incentives and EI
- Availability of partner organizations
- Supply chain issues
- Afraid of not recovering investment
- Adequate transportation infrastructure
- Adequate housing infrastructure for staff
- Regulations/public policy
- Availability of other tourism operators
- Labour shortages and skills mismatches

Seasonal operators who do not believe year-round operation could be viable identified the following as their most significant barriers:

- Lack of customers to justify expenditure (chosen by 87%)
- Labour shortages and skills mismatches (chosen by 46%)
- Cost of year-round power from NS Power (chosen by 38%)
- Other (chosen by 38%)
- Availability of other tourism operators (chosen by 27%)

→ 37% of seasonal operators indicated that if the barriers they selected were mitigated, they would be more likely to operate and expand their year-round offerings. 26% indicated they might be more likely to operate and expand their year-round offerings. 37% indicated they would not be more likely to operate and expand their year-round offerings.

Appendix Figure 18: If barriers were mitigated, would you be likely to operate year-round or expand your year-round tourism offerings?

Yes	7
Maybe	5
No	7

Appendix B – Data gap analysis

OVERVIEW OF DATA GAPS

This section describes the data gaps we identified through our collection activities. We assess the impact of these gaps by **key indicators** and highlight where they suffer from a lack of available or high-quality data.

The data gaps we identified include the following:

Appendix Figure 19: Data Gap Summary
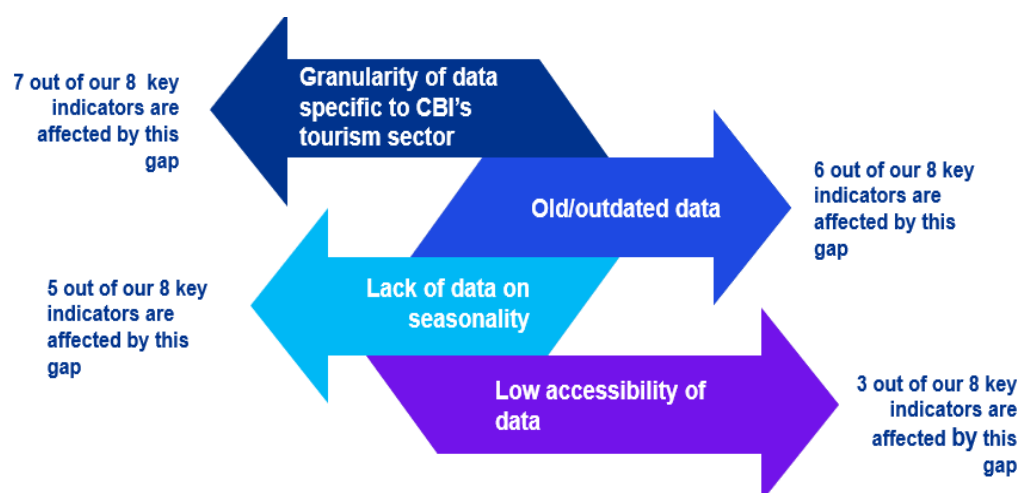
Based on our evaluation, it is evident that *Granularity of data specific to Unama'ki CBI's tourism sector* is the most significant gap as it affects almost all key indicators. The second most severe gap is *Old/outdated Data,* followed by *Lack of data on seasonality,* which each affect over half our key indicators.

DATA ASSUMPTIONS

In order to mitigate these gaps so that the data collected is still usable for our **Measurement Framework** modelling and impact analysis, we have to make several assumptions on the data. The data assumptions we make fall into four broad categories, which collectively address the data gaps identified. The following assumptions on the data need to be made:

Appendix Figure 20: Data assumptions and gaps mitigated

Assumption 1

We can map Nova Scotia-level data to CBI's tourism industry using a proxy variable. This is suitable if we have a very granular proxy variable (e.g., business counts) that can be used to define the market share of CBI's tourism industry to a wider sector.

Data gap(s) mitigated:
Granularity of data specific to CBI's tourism sector

Assumption 2

We assume we can reasonably generalize certain data points to CBI's tourism sector where there would be little to no systematic differences. For instance, assuming a breakdown of Nova Scotia's tourists by point of origin can be applied to CBI's tourism sector.

Data gap(s) mitigated:
Granularity of data specific to CBI's tourism sector
Lack of data on seasonality

Assumption 3

Since we do not have perfect visibility into some of our data (e.g., low accessibility) and some data is outdated (i.e., before 2022) we will need to assume data points from those types of sources are both 1.) reliable and 2.) valid for today. This is suitable since we have assessed data sources for their quality and because historical data pre COVID-19 is likely more reflective of the current state.

Data gap(s) mitigated:
Old/outdated data
Low accessibility of data

Assumption 4

We can map non-tourism data to CBI's tourism industry using NAICS codes. This is suitable as we have selected a NAICS code definition that both aligns 1.) with the distribution of tourism operators in CBI and 2.) the Government of Canada.

Data gap(s) mitigated:
Granularity of data specific to CBI's tourism sector.

Source: Prepared by KPMG

DETAILED GAP ASSESSMENT

DATA GAP #1 OVERVIEW

	Description	Assumptions to mitigate the gap
Granularity of data specific to Unama'ki CBI's tourism sector	Based on our extant data scan, we found most data sets to be lacking tourism-specific data for Unama'ki CBI. Data sets were typically tourism-specific but at the Nova Scotia-wide level.	Assumption 1: Data mapping. Assumes we can map the data to the level of granularity we desire based on a proxy variable.

Assumption 2: Generalizability. Assumes data we do have can be generalized to the Unama'ki CBI tourism sector.

Assumption 4: NAICS code definition. Assumes an accurate definition of the tourism sector by NAICS code in order to map data to the tourism sector. |

INDICATORS AFFECTED

Table 21 - Data assessment for granularity

Category	Indicator	Data Source	Nova Scotia specific?[34]	Unama'ki Cape Breton specific?[35]	Tourism specific?[36]
Employment	Jobs	Statistics Canada	Yes	Yes	No
Productivity	GDP	Statistics Canada	Yes	No	No
	Output	Statistics Canada	Yes	No	No
Net government savings	Taxes	Statistics Canada	Yes	No	No
Consumer profile	Number of visitors	Tourism Nova Scotia	Yes	No	Yes
		Parks Canada	No	Yes	Yes
	Visitor expenditure	Tourism Nova Scotia	Yes	No	Yes
		Parks Canada	No	Yes	Yes
	Visitor length of stay	Tourism Nova Scotia	Yes	Yes	Yes
		Parks Canada	No	Yes	Yes
	Visitor demographics	Tourism Nova Scotia	Yes	No	Yes
		Parks Canada	No	Yes	Yes

Source: Prepared by KPMG

Key Findings

- This gap is the most severe as it affects 7 out of 8 of our key indicators.

- The only two indicators not affected is 1.) Visitor length of stay.

- Data is lacking for Unama'ki Cape Breton Island specific data.

- Tourism data in general is lacking across economic indicators such as GDP and Output.

- There is a fair amount of data for tourism but at the Nova Scotia-level.

> **Snapshot: 7/8 indicators affected**
> - Jobs
> - GDP
> - Output
> - Taxes
> - Number of visitors
> - Visitor expenditure
> - Visitor demographics

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[34] Data that is at the Nova Scotia level.
[35] Data that is at the Unama'ki CBI level.
[36] Data that is specifically geared towards the tourism sector.

DATA GAP #2 OVERVIEW

	Description	Assumptions to mitigate the gap
Old/outdated data	Characterized as any data older than 2022. Several data sets do not get updated on a regular basis. Others are updated frequently but may experience a lag between publication and the current year.	Assumption 3: Reliability and validity. Assumes historical data points can still be used to assess Unama'ki CBI's tourism sector as of today.

INDICATORS AFFECTED

Table 22 - Data assessment for old/outdated data

Category	Indicator	Data Source	2022 data?
Employment	Jobs	Statistics Canada	Yes
Productivity	GDP	Statistics Canada	Yes
	Output	Statistics Canada	No - 2019
Net government savings	Taxes	Statistics Canada	No - 2021
Consumer profile	Number of visitors	Tourism Nova Scotia	No - 2019
		Parks Canada	Yes
	Visitor expenditure	Tourism Nova Scotia	No - 2019
		Parks Canada	Yes
		Cruise Lines International Association	Yes
	Visitor length of stay	Tourism Nova Scotia	No - 2019
		Parks Canada	Yes
	Visitor demographics	Tourism Nova Scotia	No - 2019
		Parks Canada	Yes

Source: Prepared by KPMG

Key Findings

- This gap is the second most severe as it affects 6 out of 8 of our key indicators.

- In general, up-to-date data is lacking across several economic indicators, as well visitation statistics (while Parks Canada's statistics are up-to-date, Tourism Nova Scotia's are still based on their 2019 Visitor Exit Survey).

- While data sources may be updated frequently, there is often a lag between their most recent published data and the current year.

Snapshot: 6/8 indicators affected
- Output
- Taxes
- Number of visitors
- Visitor expenditure
- Visitor length of stay
- Visitor demographics

DATA GAP #3 OVERVIEW

	Description	Assumptions to mitigate the gap
Lack of data on seasonality	For several indicators, data is not seasonal/cannot be broken down by season.	Assumption 2: Generalizability. Assumes data we do have on seasonality can be generalized to a broader context. *Note: Our stakeholder consultation and questionnaires were meant to supplement our understanding of how Unama'ki CBI's tourism sector varies by season.

INDICATORS AND SOURCES AFFECTED

Table 23 - Data assessment for seasonality

Category	Indicator	Data Source	Seasonal data?	Supplemented by stakeholder engagement?
Employment	Jobs	Statistics Canada	Yes	Yes
Productivity	GDP	Statistics Canada	Yes	Yes
	Output	Statistics Canada	No	Yes
Net government savings	Taxes	Statistics Canada	No	Yes
Consumer profile	Number of visitors	Tourism Nova Scotia	Yes	Yes
		Parks Canada	Yes	Yes
	Visitor expenditure	Tourism Nova Scotia	No	No
		Parks Canada	No	No
	Visitor length of stay	Tourism Nova Scotia	No	No
		Parks Canada	No	No
	Visitor demographics	Tourism Nova Scotia	No	Yes
		Parks Canada	No	Yes

Source: Prepared by KPMG

Key Findings

- This gap is the next most severe as it affects 5 out of our 8 key indicators.

- In general, reliable seasonal data is lacking for several economic indicators, as well as visitation statistics.

- Of the 5 indicators affected by this gap, our stakeholder engagement will supplement our understanding of seasonal data for output, taxes and visitor demographics.

> **Snapshot: 5/8 indicators affected**
> - Output
> - Taxes
> - Visitor expenditure
> - Visitor length of stay
> - Visitor demographics

DATA GAP #4 OVERVIEW

	Description	Assumptions to mitigate the gap
Low accessibility of data	We do not have perfect visibility into some data sets; several of our sources do not provide open, raw data for us to verify. More often, they will aggregate statistics or report on them secondhand.	Assumption 3: Reliability and validity. Assumes data we do not have great visibility into are reliable and valid.

INDICATORS AND SOURCES AFFECTED

Table 24 - Data assessment for accessibility

Category	Indicator	Data Source	Raw data available?
Employment	Jobs	Statistics Canada	Yes
Productivity	GDP	Statistics Canada	Yes
	Output	Statistics Canada	Yes
Net government savings	Taxes	Statistics Canada	Yes
Consumer profile	Number of visitors	Tourism Nova Scotia	Yes
		Parks Canada	Yes
	Visitor expenditure	Tourism Nova Scotia	No
		Parks Canada	No
	Visitor length of stay	Tourism Nova Scotia	No
		Parks Canada	No
	Visitor demographics	Tourism Nova Scotia	Yes
		Parks Canada	No

Source: Prepared by KPMG

Key Findings

- This gap affects 3 out of 8 of our key indicators.

- The indicators that suffer from this gap are all visitation statistics.

- In general, we do not have access to the raw data for all portions of Tourism Nova Scotia's Visitor Exit Survey and Parks Canada's Market Reports and Visitor Information Program reports.

Snapshot: 3/8 indicators affected
- Visitor expenditure
- Visitor length of stay
- Visitor demographics

Appendix C – Strategies

for improved measurement

Based on the gaps identified in the data collation exercises, KPMG recommends five strategies to improve Cape Breton Partnership and key stakeholders' continued measurement of the economic impact of tourism activities on Unama'ki Cape Breton Island. These strategies are provided as high-level guidelines that provide direction in terms of tools that are likely to improve accuracy and granularity in key focus areas. Each strategy identifies the data gaps that are addressed and the key stakeholders that may be involved in implementation, however, no feasibility study or cost assessment has been undertaken.

The five recommended data collection strategies are:

1.   Improved monitoring of seasonal visitation

2.   Longitudinal tourism operator studies

3.   Municipal/community level partnerships

4.   Studies on indirect tourism businesses

5.   Depth of understanding consumer profiles

Details into each strategy are provided in the overviews below.

Strategy 1: Improved monitoring of seasonal visitation	
Description	Key stakeholders
Seasonal visitation refers to the profile and number of tourists that visit Unama'ki Cape Breton on a monthly/seasonal basis. Data can be collected directly from consumers visiting the island through operators, visitors, and/or indirectly through web-based platforms such as accommodation aggregators and web-based analytics platforms (e.g. Google Analytics, social media insights). The objective of data collection activities is to develop a stronger sample/proxy for estimating the number of visitors to Unama'ki Cape Breton Island at different timepoints and understanding how visitors may differ in terms of their sought-after attractions/activities by season. Current proxies given available data are reliant on assumptions based on	• Regional tourism boards/organizations • Nova Scotian tourism organizations • Accommodation providers/aggregators • Tourists/visitors

either a broader geographic catchment (e.g. Nova Scotia) or on a subset of activities/destinations (e.g. Parks Canada).	
Gaps Addressed Seasonality of data Very little information is currently available on the visitor demographics and their average length of stays on Unama'ki Cape Breton Island vary by season. Through improved monitoring of seasonal visitation, the differential impacts driven by the unique tourists that attend at various seasons can be more accurately approximated. Granularity of data specific to Unama'ki CBI's tourism sector Seasonal visitation data is either limited to Parks Canada data or Tourism Nova Scotia. Parks Canada data provides only a subset of tourism activities available on Unama'ki Cape Breton Island—the visitors who undertake these activities may not be representative of the average tourist on Unama'ki Cape Breton Island. Data from Tourism Nova Scotia is not specific to Unama'ki Cape Breton Island and assumes that the average tourist to Nova Scotia is representative of the typical tourist on Unama'ki Cape Breton island, which may not be the case.	Impacted indicators • Number of visitors • Visitor demographics • Visitor length of stay

Tools

➔ **Operator-based questionnaires:** Developing a short questionaries that tourism operators may include at entry point of sale, would allow for simple and consolidated data collection into consumer demographic data and would also provide insights into the types of activities preferred by tourists at different seasonal points. Small incentives may be necessary to encourage operator buy-in.

➔ **Point of entry data collection:** Short surveys and/or questionnaires collected at key points of entry (airports, cruise terminals, and information centres at key highway junctions) can be utilized to collect simple non-identifiable demographic data such as family size, intended activities and intended lengths of stay and other key determinants of tourist spend.

➔ **Hotel occupancy data:** Cape Breton Partnership and associated stakeholders may wish to leverage relations with established hotels and accommodation providers to collect monthly/seasonal occupation statistics, providing a clearer estimate of the proportional change in visitation that occurs on Unama'ki Cape Breton Island from month to month. Alternatively, web-based accommodation booking aggregators such as booking.com or Expedia.ca may be able to share data on searches and/or bookings on Unama'ki Cape Breton properties by month.

➔ **Web-based analytics:** Google Analytics and social media insight applications can provide time series data on keyword searches for Unama'ki Cape Breton Island tourism activities and/or accommodation. While these do not necessarily mean that consumers searching activities will visit, it indicates the proportional interest in tourism on the island on a seasonal basis.

Strategy 2: Longitudinal tourism operator studies

Description	Key stakeholders
Longitudinal studies are studies that collect consistent data points from a cohort of observations over time. These studies are advantageous in that not only can they identify trends over time broadly, but they can also identify how individual observations' outcomes have been impacted by interventions and changing dynamics. Conducting a longitudinal study on a sample of Unama'ki Cape Breton Island tourism operators can help answer the following questions: - Are tourism operators becoming more productive over time? - Are operators becoming more likely to remain open during the offseason? - Are operators able to maintain a larger full-time workforce across the full year? - Are businesses become more viable over time? - Are businesses becoming more likely to form partnerships with other tourism providers? Longitudinal studies will also provide more robust micro-level data that can be used to improve future forecasting of the sector's size and economic impact. Furthermore, these studies provide optimal datasets for evaluating causal impacts on the tourism sector, such as the impact of a policy change or an influx of funding to the sector. Conducting a study on an annual basis during high season would be sufficient in terms of capturing effects over time and would increase the representativeness of the sample—compared with drawing a sample from the limited providers that operate in the offseason.	• Tourism operators
Gaps Addressed Low accessibility of data There is very little operator-level data available on Unama'ki Cape Breton tourism operators asides from business directories and one-off small sample surveys. The majority of data that can currently be used to estimate the economic impact of tourism is summarized, without the ability to stratify businesses beyond their NAICS code alignments and employment numbers. Longitudinal studies provide the opportunity to collect detailed operator level data from a representative sample of Unama'ki Cape Breton Island tourism businesses in an easy to use and manipulate dataset.	Impacted indicators • Number of visitors • Output • GDP • Taxes • Jobs

Granularity of data specific to Unama'ki CBI's tourism sector

The lack of Unama'ki Cape Breton specific tourism data means that assumptions on the productivity, GDP and tax revenue generated by Unama'ki Cape Breton tourism operators is reliant on assumptions that apply Nova Scotian level data to the Unama'ki Cape Breton region. A large longitudinal study would provide additional data points to permit the measurement of economic impacts using Unama'ki Cape Breton specific data.

Tools

➔ **Operator Surveys:** Surveys are the best mechanism for conducting longitudinal studies as they provide a relatively low effort way of capturing similar data points over time. Operator responses can be tracked over time through anonymized response IDs and question orders can be maintained to reduce the effort spent on data manipulation and cleansing. Alternative data collection methods such as interviews may suffer from bias introduced by changing interviewers and inconsistent interpretation of questions.

➔ **Incentives:** Operators may need to be incentivized to participate in a study that requires annual input. Incentives can be cash (or cash equivalent) and/or non-cash benefits that provide value to tourism providers. An example of a non-cash incentive is an annual benchmark report, providing operators individualized results of their responses against similar businesses.

Strategy 3: Focus on municipal/community partnerships

Description	Key stakeholders
Currently, no data has been collected directly from municipalities or community/regional groups. Insights from stakeholder engagement has revealed that the nature of businesses and the types of activities sought after by visitors can vary heavily across regions on Unama'ki Cape Breton Island (e.g. comparing municipalities on the Cabot Trail vs those not located on the Trail). Without data at the municipal or regional level, it is very challenging to differentiate the economic impacts by Unama'ki Cape Breton Island region Municipalities may collect or be able to collect detailed data about the tourism operators in their region, and to a lesser extent visitation data at a regional level. Developing data collection partnerships at the municipal level may also encourage increased alignment and buy-in with broader Unama'ki Cape Breton tourism strategies. Community and/or regional tourism boards provide another source from which data can be collected at the municipal/regional level. Tourism boards, along with chambers of commerce include tourism operators and other stakeholders that may be directly or indirectly contributing to the tourism sector. These groups may be able to provide granular, up to date data of tourism visitation and business operations as well as qualitative	• Municipalities • Community/regional tourism boards and chambers of commerce

insights into the unique economic circumstances of their respective regions.	
Gaps Addressed	Impacted indicators
Low accessibility of data	• GDP
Regional and/or municipal data is limited to non-representative survey results and ad-hoc reports published in PDF and containing highly summarized data. By working directly with municipalities, accessible and granular data may be collected that is fit for purpose for estimating economic impacts.	• Output • Taxes • Jobs • Regional visitation
Old/outdated data	
Aggregate data sources such as Statistics Canada and Tourism Nova Scotia have lags from when raw data is collected to when it is published. Municipalities and community/regional tourism boards are able to collect data more efficiently and directly from tourism providers and may have more up-to-date insights on tourism visitation/activities in their regions.	
Granularity of data specific to Unama'ki CBI's tourism sector	
As very little data is available at the Unama'ki Cape Breton Island regional level, collecting data from municipalities and other community-level organizations will increase the granularity of economic impact studies and better permit the ability to differentiate impacts within Unama'ki Cape Breton Island.	

Tools

➔ **Business registries:** Municipal business registries may provide an updated source of data to collect current tourism operator information at a localized level.

➔ **Collaboration with business/commerce chambers:** Tourism boards and chambers of commerce are likely to be more aware of the unique economic circumstances facing the region and can provide more granular and up to date insights into the mix of tourism activities available year-round in the region.

Strategy 4: Study on indirect tourism businesses	
Description	Key stakeholders
The current Master Database includes the distribution of all direct tourism businesses and number of employees across sectors on Unama'ki Cape Breton Island. What is not known is the equivalent number and distribution of indirect tourism businesses in the region.	• Tourism operators • "Indirect" tourism businesses
Indirect tourism providers include those businesses and sectors that provide services and supports towards businesses providing direct tourism services to consumers. Examples of these businesses would be	

maintenance providers towards attractions such as national parks, golf courses and ski resorts.

Comprehensive tourism economic impact assessments include the quantification of impacts generated by indirect sectors supporting the tourism sector. From a modelling perspective, the indirect economic effects are imbedded in Statistics Canada's input-output multipliers, but the qualitative understanding of which sectors contribute to tourism's economic outputs is a black box.

Currently the study relies on generalized assumptions on the distribution of businesses, employees and types of indirect sectors operating on Unama'ki Cape Breton Island. Performing a study with the purpose of gaining a deeper understanding of indirect tourism operations on Unama'ki Cape Breton Island will increase the knowledge base of what indirect operators are receiving benefits from tourism activities.

Gaps Addressed	Impacted indicators
Low accessibility of data With no accessible or available datasets of indirect tourism operators on Unama'ki Cape Breton Island, the study currently relies on broad assumptions driven by literature. A Unama'ki Cape Breton specific study would provide usable data on indirect tourism providers that can be regularly updated. Granularity of data specific to Unama'ki CBI's tourism sector Our current understanding of the distribution of indirect tourism output and operations is based on previous studies and research in a broader Canadian and Nova Scotian context. Collecting data on Unama'ki Cape Breton Island's indirect tourism providers will increase the qualitative understanding of which operators are contributing to tourism's greater economic impacts.	• Jobs • Output • GDP • Taxes

Tools

➔ **Activity-based case studies:** Case studies provide a relatively low effort mechanism for understanding how indirect tourism providers operate on Unama'ki Cape Breton Island. Cape Breton Partnership may choose to select one tourism provider per direct tourism sector and conduct a case study to understand what businesses they work with that help enable their operations and the magnitude of the partnerships by sector.

➔ **Market research:** Market analysis performed through estimating the number of businesses and employees on Unama'ki Cape Breton Island by indirect tourism NAICS codes will provide a more thorough understanding of the distribution of indirect sectors and their relative economic impacts.

Strategy 5: Deepen understanding of consumer profiles

Description	Key stakeholders
The profile of tourists is a key determinant of both the size and distribution of the economic output they generate through tourism related consumption. For example, a family is likely to consume a different bundle of goods and services and may spend a different amount of time on Unama'ki Cape Breton Island than a couple or solo traveler. Demographic indicators that have influence on economic outputs and impacts of tourists include: - Family size - Age - Household income - Point of origin Each of these factors may influence the average length of stay, activities purchased, and average spend of the visitor to Unama'ki Cape Breton Island. Increasing the depth of understanding into the distribution of visitors will increase the accuracy of economic impact measurements and allow the isolation of impacts by a given consumer profile.	• Tourists/visitors • Tourism operators • Cape Breton tourism boards/organizations
Gaps Addressed <u>Seasonality of data</u> Current data on the differential economic outputs by consumer profile characteristics are very limited in terms of seasonal breakdown. Tourism Nova Scotia on visitor characteristics is not broken down by season and Park Canada provides very little seasonal breakdown of data aside from total visitation. Increasing the understanding of when different consumers visit Unama'ki Cape Breton Island and the activities they undertake will allow for more precise estimation of various future state scenarios. <u>Granularity of data specific to Unama'ki CBI's tourism sector</u> As noted, the limited consumer profile data currently collected is either collected at the Nova Scotia level or performed by Parks Canada. Neither of which provide a complete representative picture of the typical Unama'ki Cape Breton tourist. Developing a representative sample of Unama'ki Cape Breton tourists will improve future measurement of economic impacts.	Impacted indicators • Number of visitors • Visitor demographics • Average visitor spend • Average length of stay • Visitor seasonality

Tools

➔ **Consumer surveys:** The best method toward capturing a representative sample of Unama'ki Cape Breton Island visitors is through surveys targeted at understanding the consumer's demographics. These surveys

should not ask for identifiable or sensitive data, instead focusing on general visitor characteristics that are predictive of tourism spend, activities and average length of stay.

➔ **Operator incentives:** Polling of tourism operators including accommodation and activity providers is a useful medium for collecting demographic data such as age, point of origin and length of stay of consumers. Minor incentives may be required for operators to opt-in to collecting data on behalf of Cape Breton Partnership and associated stakeholders.

Appendix D – Detailed assumptions

A full description of the assumptions required for indicators of interest from our RFP and data scan is presented in Table 25 below:

Table 25 - Detailed data assumptions

Data Assumptions						
Category	**Indicator**	**Stratifications**	**Data Used**	**Assumptions Y/N**	**Assumptions Type[37]**	**Description**
Employment	Jobs	Total	Statistics Canada. Table 36-10-0402-01, Table 36-10-0595-01, Table 14-10-0393-01, Table 14-10-0325-01	Yes	Type 1 and Type 4	Mapped this data to business count weights & Relied on NAICS code definition
Productivity	GDP	Total	Statistics Canada. Table 36-10-0402-01	Yes	Type 1 and Type 4	Mapped this data to business count weights & Relied on NAICS code definition
	Output	Total	Statistics Canada. Table 36-10-0402-01, Table 36-10-0595-01	Yes	Type 1 and Type 4	Mapped this data to business count weights & Relied on NAICS code definition
Net government savings	Taxes	Total	Statistics Canada. Table 36-10-0402-01, Table 36-10-0595-01	Yes	Type 1 and Type 4	Mapped this data to business count weights & Relied on NAICS code definition
Consumer Profile	Visitation	Total, by month	Annual visitors from:	Yes	Type 2 and Type 3	Assumed the Unama'ki CBI capture rate from Tourism Nova Scotia's most recent Visitor Exit Survey is reliable and still

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[37] Type 1 assumption: Assumption on mapping our data to the Unama'ki CBI's tourism sector using business counts.
Type 2 assumption: Assumption on the generality of data.
Type 3 assumption: Assumption on the validity and reliability of our data.
Type 4 assumption: Data that relies on our NAICS code definition.

			Tourism Nova Scotia – Open Data Catalogue - Vistation Seasonality from: #RiseAgain2030, Destination Cape Breton Development Strategy Parks Canada Visitation Statistics and			accurate for today as it is 2019 data. Applied the percentage to Nova Scotian-wide data on visitors by month to obtain visitation to Unama'ki CBI. We used #RiseAgain030, Destination Cape Breton Development Strategy for the seasonality by month, assuming they are still relevant and reliable since the data was for 2019. Parks Canada visitation rates per month as a sense check, assuming they are somewhat generalizable to Unama'ki CBI's greater tourism sector.
		Consumer demographics	Tourism Nova Scotia. "2019 Nova Scotia Visitor Exit Survey: Overall Results." (2019) And Parks Canada Visitor Information Program and Market Reports	Yes	Type 2 and 3	Assumed the visitor breakdown by income bracket in Tourism Nova Scotia's most recent Visitor exit survey is both still reliable (as it is 2019 data) and generalizable to Unama'ki CBI's tourism sector. OR Assumed that the Parks Canada visitation statistics by income bracket can be generalized to all of Unama'ki CBI's tourism sector.
		Average length of stay	Tourism Nova Scotia, "Community Report." (2019)	Yes	Type 3	Assumed that the average number of nights stayed in Unama'ki CBI, as reported by Tourism Nova Scotia's most recent Visitor Exit Survey is still reliable as it is 2019 data.

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| | | Visitor expenditure | A combination of:

Tourism Nova Scotia. "2019 Nova Scotia Visitor Exit Survey: Overall Results." (2019)

And

Cruise Lines International Association, "The Economic Contribution of the International Cruise Industry in Canada." (2021). | Yes | Type 2 and Type 3 | Assumed that Nova Scotia's average visitor expenditure as reported by Tourism Nova Scotia's most recent Visitor Exit survey is both still reliable (as it is 2019 data) and generalizable to Unama'ki CBI's tourism sector.

Assumed that Cruise Lines International Association's Report is still reliable and relevant, as the data is from 2019. |

Source: Prepared by KPMG

Appendix E – Allocation

Key, Sector Weights, and NAICS Codes

ALLOCATION KEYS

CBP provided business counts (collected by Dun & Bradstreet) of all tourism operators on Unama'ki Cape Breton Island by NAICS codes, up to date as of 2022. Using these counts, we multiplied the number of businesses by the lower threshold of their respective Stats Can employee band to obtain employee estimates. We did this at the 4-, 3- and 2-digit-level of relevant NAICS codes and obtained the following:

- **Sector shares:** Proportion of Unama'ki CBI's tourism sector relative to Nova Scotia's (e.g. Unama'ki CBI's employee estimate/Nova Scotia's employee estimate)

- **NAICS code "depth mapping":** Proportion of each 4-digit NAICS code relative to its 3- and 2-digit "parent" codes (e.g., employee estimate of code 7112/employee estimate of code 711)

- **Sector weights:** Share of each 4-digit NAICS code relative to Unama'ki CBI's total tourism sector. (e.g., employee estimate of code 7112/employee estimates of all codes)

SECTOR WEIGHTS AND NAICS CODES

Table 26 below outlines the NAICS codes selected to define Unama'ki Cape Breton Island's tourism sector.

Table 26 - NAICS codes selected.

NAICS Code	Description
7111	Performing Arts Companies
7112	Spectator Sports
7113	Promoters of performing arts, sports, and similar events
7115	Independent artists, writers, and performers
7121	Heritage institutions
7131	Amusement parks and arcades
7132	Gambling Industries
7139	Other amusement and recreation industries (e.g., golf courses, skiing facilities, marinas)
7211	Traveler accommodation

7212	RV Parks and Recreational Camps
7213	Rooming and Boarding Houses, Dormitories and Workers camps
7223	Special food services
7224	Drinking places (alcoholic beverages)
7225	Restaurants and Other Eating Places
4871	Scenic and sightseeing transportation, land
4872	Scenic and sightseeing transportation, water
4879	Scenic and sightseeing transportation, other
5615	Travel arrangement and reservation services

Source: Prepared by KPMG

Table 27 outlines the multiplier weights for each NAICS codes. Weights are based off the business count and employee estimate allocations.

Table 27 - NAICS codes weights

NAICS Code	Description	Multiplier Weights
7111	Performing Arts Companies	0.37%
7112	Spectator Sports	0.39%
7113	Promoters of performing arts, sports, and similar events	0.86%
7115	Independent artists, writers, and performers	0.12%
7121	Heritage institutions	2.34%
7131	Amusement parks and arcades	0.14%
7132	Gambling Industries	1.03%
7139	Other amusement and recreation industries (e.g., golf courses, skiing facilities, marinas)	8.67%
7211	Traveler accommodation	15.94%
7212	RV Parks and Recreational Camps	1.89%
7213	Rooming and Boarding Houses, Dormitories and Workers camps	0.18%
7223	Special food services	1.83%
7224	Drinking places (alcoholic beverages)	1.99%
7225	Restaurants and Other Eating Places	63.42%
4871	Scenic and sightseeing transportation, land	0.02%
4872	Scenic and sightseeing transportation, water	0.29%
4879	Scenic and sightseeing transportation, other	0.02%
5615	Travel arrangement and reservation services	0.49%

Source: KPMG Analysis

The weighted multipliers based on the allocations in Table 27 for direct, indirect, and induced impacts are provided in Table 28, Table 29, and Table 30 respectively.

Table 28 - Direct multiplier values

Direct Multiplier					
Output	GDP (market prices)	GDP (basic prices)	Taxes on products	Taxes on production	Jobs (per $1M of output)
1.00	0.471	0.457	0.018	0.016	14.745

Source: Prepared by KPMG

Table 29 - Indirect multiplier values

Indirect Multiplier					
Output	GDP (market prices)	GDP (basic prices)	Taxes on products	Taxes on production	Jobs (per $1M of output)
0.334	0.180	0.178	0.004	0.012	2.280

Source: Prepared by KPMG

Table 30 - Induced multiplier values

Induced multiplier					
Output	GDP (market prices)	GDP (basic prices)	Taxes on products	Taxes on production	Jobs (per million $ of output)
0.221	0.176	0.143	0.033	0.011	1.350

Source: Prepared by KPMG

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