

# **Assessing the economic value and impact of heritage sites in the Western Cape**

**Executive summary and recommendations**

**18 March 2010**

# Contents

## 1. Executive summary

- 1.1 Problem statement
- 1.2 Agreed scope of 'heritage' for the study
- 1.3 Methodology
- 1.4 Coverage achieved
- 1.4 Key findings

## 2. Recommendations

- 2.1 Collection and reporting of information
- 2.2 Future economic impact assessments
- 2.3 Maximizing the economic value of heritage
- 2.4 Facilitating the process to maximize economic benefits

## 3. Way forward

- 3.1 Methodological constraints
- 3.2 Determining the methodology

# 1.1 Problem statement

- public museums in the province are under-resourced
- expansion and updating of facilities and exhibits constrained by insufficient resources
- South Africa does not have tax incentives and discretionary funding for restoration of historic properties
- although the intrinsic value of heritage conservation for cultural identity, social cohesion and pride is recognised, the economic value remains unquantified
- no comprehensive set of indicators of the economic contribution of heritage currently exists
- difficult to motivate for additional funding for heritage management while economic value is unknown

*Study objective: analyse and quantify the economic contribution and impact of heritage in the Western Cape*

## 1.2 Scope of the assessment

### UNDERSTANDING THE ‘HERITAGE SECTOR’

#### Some international definitions

**“The heritage sector comprises museums (including art and other museums) and environmental heritage organisations (nature parks and reserves, zoological parks, aquaria and botanic gardens)”.**

**Australian Culture and Leisure classifications (Australian Bureau of Statistics, 2001)**

**The cultural heritage industry is defined as follows:**

- **Museums**
  - **Archaeology**
  - **Built Heritage**
  - **Related Membership Organisations**
- (Creative & Cultural Skills, UK, 2009)**

- Although heritage is a complex, multi-dimensional, and often misunderstood concept, the term is defined and delineated in key international and national policy documents.
- However, these definitions are very comprehensive, and include both tangible and intangible natural and cultural heritage.
- South Africa Standard Industrial Classification (SIC) codes categorise the ‘heritage sector’ under the major group “Library, archives, museums and other cultural activities” under MAJOR 9: COMMUNITY, SOCIAL AND PERSONAL SERVICES
- The research team took guidance regarding the scope from the client, and from the delineation provided in the SIC document, in order to demarcate the scope for the study. The scope corresponds to SIC Codes 9632 & 9633

- **9631 Library and archives activities**

Includes a wide variety of documentation and information activities provided by libraries and archives. Activities of libraries of all kinds, reading, listening and viewing rooms, public archives, etc. This usually involves the organisation of a collection, whether specialised or not, the making of catalogues, the lending and storage of, e.g., books, maps, periodicals, films, records, tapes.

- **9632 Museum activities and preservation of historical sites and buildings**

The operation of museums of all kinds such as art museums, museums of jewellery, furniture, costumes, ceramics, silverware, etc., natural history and science museums, technological museums, historical museums, including military museums and historic houses and all kinds of other specialised museums. Also included is the preservation of historical sites and buildings.

- 96320 Museum activities & preservation of historical sites & buildings
- 96322 Provision for management and operation of monuments, historical sites and buildings
- 96323 Management and operation of museum, cultural and heritage activities

- **9633 Botanical and zoological gardens and nature reserve activities**

The operation of botanical and zoological gardens and of nature reserves including wildlife conservation, etc.

- 96333 Game parks, reserves incl. but not limited to wildlife, parks, zoological or animal parks and botanical gardens
- 96334 Activities of conservation bodies
- 96335 Wildlife conservation incl. wildlife, game, parks, game reserves, zoological establishments, botanical gardens etc

# 1.3. Methodology

Determining the list of  
Setting up research tool  
Creating data capture template  
Gathering of annual reports and organisational records

22 – 26  
February 2010

Data capturing  
Verification of data accuracy  
Analysis  
Reporting of findings

22 February –  
12 March 2010

**Following up on data gaps**  
**Drafting recommendations**

15 – 18 March  
2010

Filling in data gaps  
Modelling  
Final report

End March 2010

# 1.4 Coverage achieved

Declared Grade 1, Grade 2 and Grade 3 heritage sites, as defined in the NHRA, and included in the SAHRA data-base and local registers

Further analysis of records required to determine heritage specific value

Other sites protected by the general provisions of the NHRA

Further analysis of records required to determine heritage specific value

Sites inscribed on the World Heritage List

Robben Island and Cape Nature reserves overall covered

Declared National Parks & botanical gardens

8

Waiting on information from institution

Provincial Nature Reserves

24

Capturing information for individual reserves

National, provincial, province aided, and local museums

29

Data largely captured, with exception of expenditure line items

Private, institutional and community museums and/or interpretation centres

**SIGNIFICANT RESISTANCE TO PROVIDING INFORMATION**

Visitor attractions/experiences associated with natural and cultural heritage resources

2

Capturing information

## 1.5 Key findings

### a) Collection and reporting of economic and financial information

- Annual reports submitted by province-aided museums are not standardised
- Visitor figures are either not reported or are reported in vastly differing formats. For example, one museum will provide figures only for domestic and foreign visitors, another only for adults and children. In some cases visitor stats are included in narrative reports and the detail is unclear
- No standardisation of income or expenditure categories and there does not seem to be general agreement on the difference between capital and operating costs
- While information about staff in the DCAS payroll is available, information about rate of pay and job grading for staff employed directly by individual museums is not available
- In many cases it is clear, from the narrative in annual reports, that additional funds have been made available to the museum by "friends" organisations. Financial reports for these are not generally available
- Clear from narrative reports that some museums have also accessed additional funding through Lotto, etc. But details of this are not found in financial statements
- Several narrative reports include thanks to local municipalities and others for maintenance of buildings and gardens, but this contribution is not quantified in any of the financial reports
- Revision of financial statements from year to year
- Difficult to access financial information about ancillary facilities
- Aggregation of data for multiple sites into consolidated statements for reporting purposes
- Timing of the study - at the end of the financial year is unfortunate
- Institutional record keeping - e.g. visitor figures - need systems to build institutional memory

## 1.5. Key findings (cont)

### b) Key indicators: cultural heritage

	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>
Visits	872 832	917 316	1 315 828
Revenue	R 239 936 835	R 161 465 735	R 176 932 947
Visitor spend	R 40 583 448	R 34 828 836	R 38 879 502
Average spend per visit	R 46	R 38	R 30
Ancillary facilities	R 5 280 429	R 6 121 727	R 10 342 703
Employment	493	506	716
Expenditure	R 164 424 743	R 154 922 969	R 168 398 968
Capital expenditure	R 641 620	R 757 911	R 1 044 734
Salaries and wages	R 86 681 988	R 93 665 950	R 102 051 198

## 1.5. Key findings (cont)

### b) Key indicators: cultural heritage

- Visits                      During the three years studied, public sector cultural heritage sites received **3 105 976 visits**. Visitor profile (origin) is difficult to report on as data collection practices vary significantly
- Revenue                      The cumulative income of heritage sites over the three year period amounted to **R 578, 335, 517**.
- Visitor spend                      Direct spend by visitors comprised **R 114, 291, 786** or some 20% of total revenue.
- Average spend per visit                      There has been a decrease in average spend per visitor, from R 46 in 2006/7 to R 30 in 2008/9. The average spend for the period is R 37.

## 1.5. Key findings (cont)

### b) Key indicators: cultural heritage

- Ancillary facilities      Heritage sites generated revenue to a cumulative value of **R 21 744 859** over the period. This represents less than 4% of revenue.
- Employment              Public sector cultural heritage sites employed **716** workers in the 2008/9 financial year
- Expenditure              Cumulative expenditure across all categories of spend amounted to **R 487 746 680**.
- Capital expenditure      The value of **R 2 444 265** represents less than 1% of total spend over the period
- Salaries and wages      Public sector cultural heritage sites contributed **R 282 399 136** to household income during the three years. Salaries and wages comprise 58% of spend.

## 2. Recommendations

## 2.1 Collection and reporting of information

### Visitor information

- Guidelines and template for the recording of visitor information
- training sessions regarding the categorisation of visitors and recording of visitors
- expansion and updating of facilities and exhibits constrained by insufficient resources
- subsidy agreement requirement

### Financial information

- Guidelines for budgeting and annual reports
- standard template for annual budgeting process developed in consultation with heritage sites stakeholders
- standard template for annual reports developed in consultation with heritage sites stakeholders
- training/workshops sessions to capacitate museum management
- subsidy agreement requirement

## 2.2 Impact studies

- training heritage site staff in basics of impact assessment
- developing data sets over a 3 year period
- ensuring electronic recordkeeping
- allowing adequate time for multi-pronged approach
- allowing adequate time for data verification and modelling

institutional salary records; detailed and standardised expenditure data, visitor data

employment and income generation associated with direct spend of heritage sites

Procurement spend by heritage sites

Supply Linkage Effects

plus

Induced Effects

plus

**TOTAL NET IMPACT**

### Visitor survey

- Visitor origin
- Travel motivations (role of heritage in attracting visitors)
- Length of stay
- Spending patterns

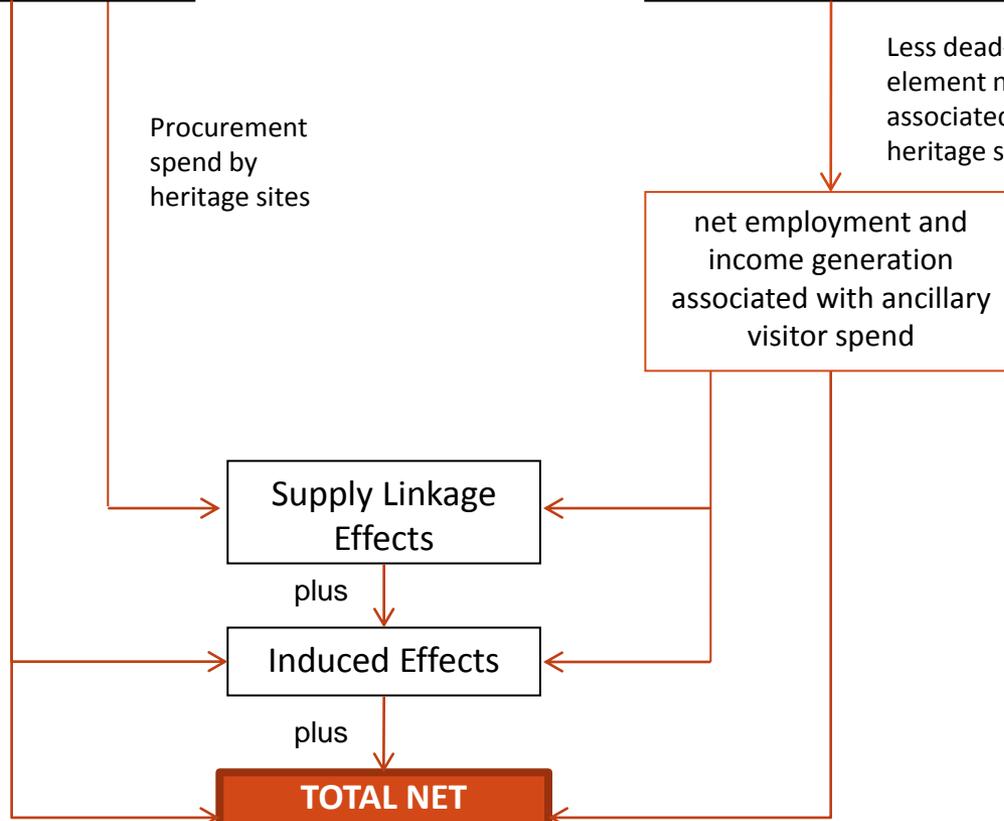
gross local spend of visitors outside heritage sites

Less dead-weight element not associated with heritage sites

net employment and income generation associated with ancillary visitor spend

### Business survey

- Dependency on heritage sites
- Revenue from visitors to heritage sites



## 2.3 Maximising economic benefits

Many natural heritage sites:

- leverage economic benefit through value added activities such as accommodation, hiking trails etc.
- take advantage of various labor intensive initiatives that facilitate conservation programmes
- draw on sustainable natural resources, such as medicinal plants to generate income

All of these maximise economic benefits, accrue funds for the sites and create job opportunities for local communities.

Cultural heritage sites, while constrained by the nature of their operations may increase economic benefit through activities such as:

- Marketing and merchandising of branded products such as reproductions as well as publications
- Consider creative ways in which to use facilities and draw in audiences who would not generally visit museum
- Forge linkages to local economic development programmes

## 2.4 Facilitating the process to maximize economic benefits

By :

- embedding the notion of sustainability and economic activity in institutional consciousness and operations without compromising heritage practice
- providing appropriate structural support through, for example a unit within DCAS
- provisioning incentives such as tax benefits, matching funding, etc

## 3. Way forward

- 3.1 Data limitations and constraints
- 3.2 Suitable methodology
- 3.3 Next steps