

FINAL REPORT:
Economic Impact Study of
Tourism in Kelowna, B.C.



strategic
transportation
& tourism
solutions



Prepared for
Tourism Kelowna

Prepared by
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Executive Summary

Tourism is a significant industry sector for the City of Kelowna, B.C. and the Central Okanagan Regional District.¹ It is estimated to generate nearly 5,000 person years of *direct* (i.e. excluding multiplier effects) employment in 2011 (approximately 7,100 jobs). Kelowna has over 4,400 rooms available in its hotels and many other types of accommodations, various tourism attractions, including numerous premiere golf courses, gorgeous beaches and abundant food, beverage and retail offerings, that attract visitors to the greater Kelowna area.

Economic Impact of Tourism in Kelowna, B.C.

In 2010, Statistics Canada estimates that Kelowna handled in excess of 1.5 million person-visits by non-local residents.² According to the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research,³ the average travelling party size is 3.6 people, and the average nights spent in Kelowna is 5.5 nights per stay. Based on the survey's results, each visitor spent an average of \$530 in the area over their entire trip. These non-local visitors are estimated to spend \$183 million in non-accommodation and non-entertainment spending in Kelowna, B.C. per annum, including taxes. The economic impacts and tax impacts of tourism activity in Kelowna is comprised of three main components, as follows:

- **Accommodations Employment Impacts.** A wide range of accommodation options are available in Kelowna to suit all needs. Over 4,400 rooms are offered for non-local visitors by the greater Kelowna area's accommodation providers.⁴
- **Other Tourism Industries Employment Impacts.** Kelowna is home to a wide range of different attractions that include prestigious golf courses, globally renowned wineries, and a variety of other entertainment. These impacts reflect employment in other tourism industries, such as attractions, air transportation and other supporting businesses and organizations of the tourism sector, in the region.⁵
- **Visitor Spending Impacts.** Beyond the accommodations and other tourism industry employment impacts, spending by non-local visitors in Kelowna, B.C. also contributes a significant amount of economic impact to the tourism sector in the area, amounting to \$183 million in non-accommodation and non-entertainment spending, including taxes.⁶

¹ The area of study in this report includes the City of Kelowna and the surrounding Central Okanagan Regional District/ Kelowna Census Metropolitan Area. Big White Ski Resort is also included in the study area. References to Kelowna and the greater Kelowna area refers to this study area.

² Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey (2010)*

³ It is noted that Kettle Valley Research undertook the *2011 Visitor Survey Spending Profile* during the peak July/August time period.

⁴ Source: Tourism Kelowna.

⁵ Air transportation employment related to the inbound air visitors to the area included in this section is based on the *2010 Kelowna International Airport Economic Impact Study* conducted by InterVISTAS.

⁶ For the analysis of visitor non-accommodation and non-entertainment spending impacts in Kelowna, visitor spending data was taken from the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research in July and August 2011. Visitor spending includes expenditure on retail, food & beverage and local transportation within Kelowna.

The total *direct* impacts of the greater Kelowna area's accommodation providers, other tourism industries and visitor spending amount to nearly 5,000 *direct* person years of employment (nearly 7,100 jobs), earning close to \$180 million in wages, generating nearly \$340 in GDP and approximately \$650 in economic output. Including multiplier impacts, tourism in Kelowna generates over 7,300 person years of employment (approximately 11,300 jobs), close to \$220 million in wages, \$420 million in GDP and approximately \$840 million in economic output.⁷ See Figure ES-1.

Figure ES-1: Summary of Total Impacts of Tourism in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years) ⁸	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct Impacts					
Accommodations	1,798	1,265	44	74	122
Other Tourism Industries*	2,854	1,814	79	178	373
Visitor Spending**	2,420	1,889	53	83	158
Total Direct Impacts	7,072	4,968	176	335	653
Indirect***	1,984	1,103	21	37	95
Induced***	2,223	1,255	21	44	92
Grand Total Impacts	11,279	7,326	218	416	840

Notes:

* Other tourism industries impact reflects employment in attractions, air transportation and other supporting businesses and organizations of the tourism sector in the region.

** Visitor spending impact is based on the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research in July and August 2011. Visitor spending includes expenditure on retail, food & beverage and local transportation within the greater Kelowna area.

*** Does not include indirect and induced impacts for visitor spending (only for Accommodations and Other Tourism Industries) in order to avoid double-counting of impacts.

- The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

⁷ The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

⁸ Person Years may also be referred to as Full-Time Equivalent (FTE). 1 person year is equivalent to 1 FTE.

Estimated Taxation Impacts of Tourism in Kelowna, B.C.

The overall tax revenue contribution to all levels of government generated by the employment impacts and visitor spending impacts of the greater Kelowna area's tourism sector is approximately \$100 million. The federal government received more than \$57 million (57% of the total), while the provincial government received nearly \$34 million in tax revenue (34% of total tax revenue). Close to \$9 million in taxes (9% of the total) is estimated to be collected by the municipal government, which includes the hotel tax and an estimate of business property taxes. The contribution of employers and employees comprised 74% of the total tax revenue (over \$74 million), while the taxes paid by non-local visitors made up 26% (more than \$26 million).⁹ See **Figure ES-2** and **Figure ES-3**.

Figure ES-2: Annual Tax Contributions of Tourism in Kelowna, B.C. by Government Level

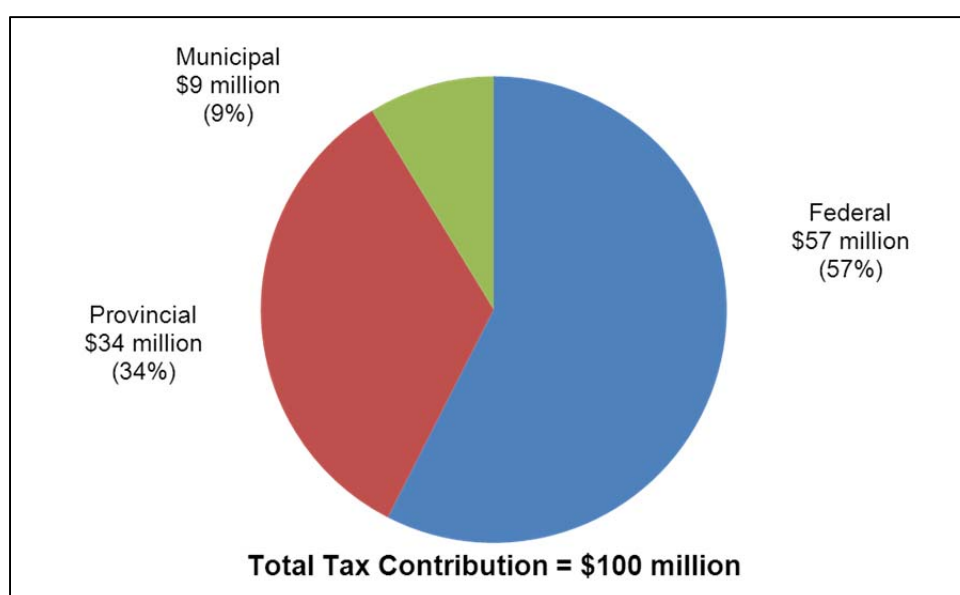


Figure ES-3: Annual Tax Contributions of Tourism in Kelowna, B.C. by Taxpayer (\$ Millions)

Taxpayer	Federal	Provincial	Municipal	Total
Tourism Employers and Employees	\$47	\$20	\$7	\$74
Tourists	\$10	\$14	\$2	\$26
Total	\$57	\$34	\$9	\$100

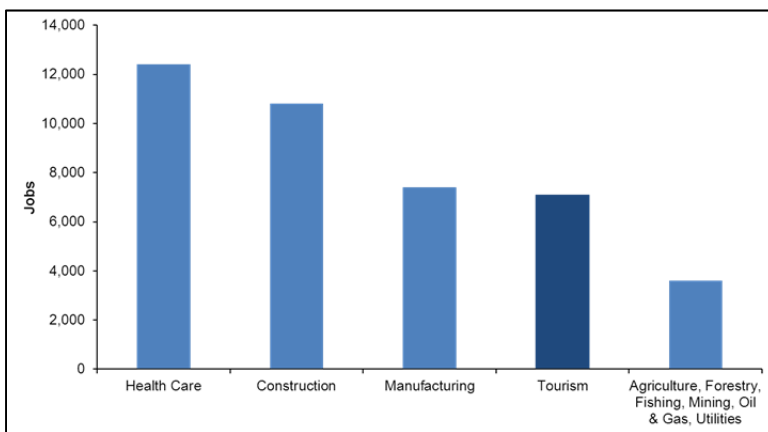
Notes: The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

⁹ The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

Characteristics of Tourism Employment in Kelowna, B.C.

Tourism is one of the largest employers in the greater Kelowna area (i.e. the Central Okanagan Regional District). Tourism generates roughly the same number of jobs as manufacturing, and more than agriculture, forestry, fishing, mining, oil and gas, and utilities. **Figure ES-4** provides a comparison of tourism employment in Kelowna versus other industries in the area.

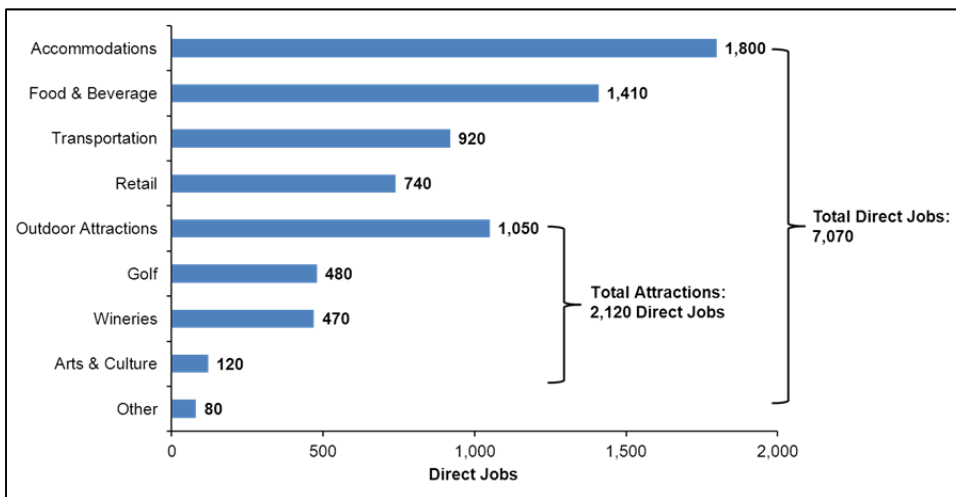
Figure ES-4: Employment in Tourism versus Other Industries in Kelowna



Source: BC Stats - Employment by Industry for the Metropolitan Areas, Kelowna Census Metropolitan Area (2010)

As shown in **Figure ES-5**, the largest number of tourism-related jobs is in the accommodations providers, with approximately 1,800 direct jobs. In total, the attractions in the greater Kelowna area (outdoor attractions, ski resorts, golf, wineries, art galleries, museums, etc.) generate a total of approximately 2,120 direct jobs. Other major business types include food and beverage, transportation and retail.¹⁰

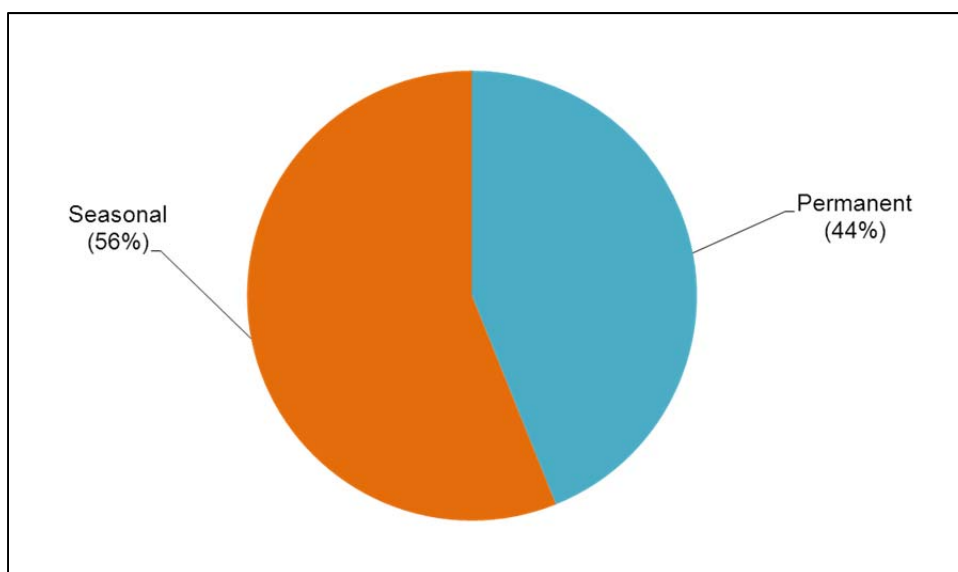
Figure ES-5: Total Kelowna Tourism Employment by Business Type (Direct Jobs)



¹⁰ Transportation includes both air transportation employment related to the inbound air visitors to the area and employment generated by visitor spending on local transportation within the greater Kelowna area.

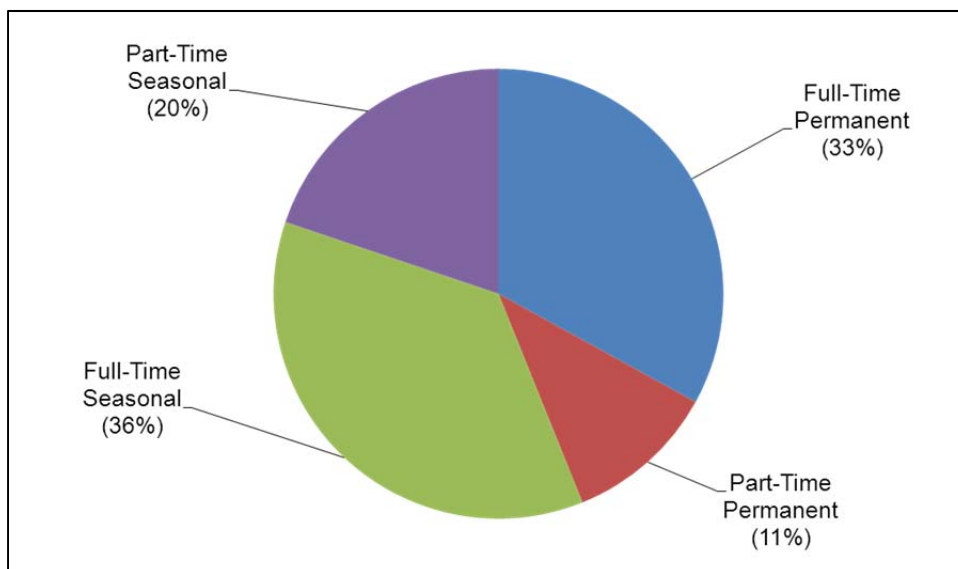
Approximately 40% of tourism-related jobs in the greater Kelowna area are permanent positions, while 60% of tourism jobs are seasonal positions. **Figure ES-6** shows the permanent and seasonal components of employment attributable to tourism operations in Kelowna. Approximately three quarters of the permanent positions are full-time positions. Similarly, over 60% of the seasonal jobs consist of full-time seasonal positions. The breakdown of permanent and seasonal jobs by full-time and part-time positions is presented in **Figure ES-7**.

Figure ES-6: Permanent vs. Seasonal Tourism Employment in Kelowna



Note: This chart is based on surveyed direct jobs.

Figure ES-7: Full-Time vs. Part-Time Tourism Employment in Kelowna



Note: This chart is based on surveyed direct jobs.

Comparison Summary of 2006 and 2011 Results

In December 2006, InterVISTAS conducted a study on the economic impact of tourism in Kelowna, B.C. The changed economic conditions in recent years is also reflected in the results from the 2006 and 2011 economic impact studies of the tourism industry in the greater Kelowna area. Figure ES-8 provides a comparison summary of 2006 and 2011 results.¹¹

Figure ES-8: Summary of Economic Impact of Tourism in Kelowna, 2006 vs. 2011

Metric	2006	2011	% Increase/Decrease
Total Person Visits	1,193,300	1,514,726	26.9%
Visitor Spending			
Accommodation Visitor Spending*	\$ 72,000,000	\$ 81,000,000	12.5%
Entertainment Visitor Spending**	\$ 18,000,000	\$ 15,000,000	-16.7%
Non-Accommodation & Non-Entertainment Visitor Spending***	\$ 198,000,000	\$ 183,000,000	-7.6%
<i>Total Visitor Spending****</i>	<i>\$ 288,000,000</i>	<i>\$ 279,000,000</i>	<i>-3.1%</i>
Employment Impacts - Number of Jobs			
Direct Impacts	6,687	7,072	5.8%
Employment Impacts - Number of Person Years			
Direct Impacts	4,964	4,968	0.1%
Wages			
Direct Impacts	\$ 126,000,000	\$ 176,000,000	39.7%
GDP			
Direct Impacts	\$ 223,000,000	\$ 335,000,000	50.2%
Economic Output			
Direct Impacts	\$ 387,000,000	\$ 653,000,000	68.7%
Tax Revenues			
Federal Tax Revenues	\$ 55,000,000	\$ 57,000,000	3.6%
Provincial Tax Revenues	\$ 29,000,000	\$ 34,000,000	17.2%
Municipal Tax Revenues	\$ 5,000,000	\$ 9,000,000	80.0%
<i>Total Tax Revenues</i>	<i>\$ 89,000,000</i>	<i>\$ 100,000,000</i>	<i>12.4%</i>

Sources:

- Total Person Visits: Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey, (2004 & 2010)*
- Accommodation Visitor Spending: BC Stats, *Hotel Room Revenue Data, Central Okanagan Regional District (2006 & 2010)*
- Entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*
- Non-accommodation and Non-entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2010)*

Notes:

* Accommodation visitor spending is equivalent to hotel room revenue. This amount includes taxes.

** Entertainment visitor spending includes expenditure on entertainment, such as theatre tickets and admission to sports, in Kelowna. This amount includes taxes.

*** Non-accommodation and non-entertainment visitor spending includes expenditure on retail, food & beverage and local transportation within Kelowna. This amount includes taxes.

**** Total Visitor spending for 2006 stated in the chart above is different from that in the 2006 report (\$346 million) due to revisions in the 2006 hotel room revenue data.

- The results from the 2006 study used in the comparisons in this section were adjusted to match the study area examined in the 2011 study, as Silver Star Mountain Resort was included in the 2006 study area.

¹¹ The results from the 2006 study used in the comparisons in this section were adjusted to match the study area examined in the 2011 study, as Silver Star Mountain Resort was included in the 2006 study area.

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1. Introduction

1.1 The Kelowna, B.C. Area

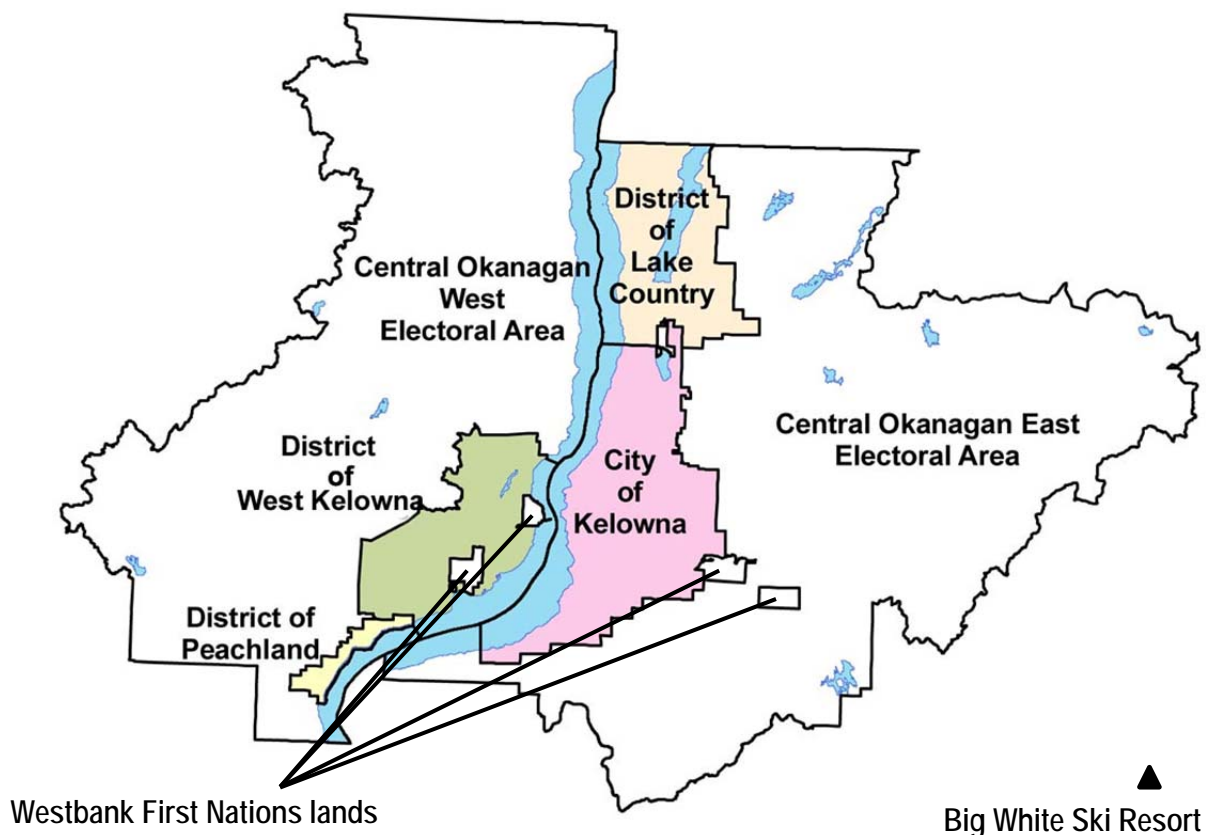
In just over a century, Kelowna has grown from a small agricultural community composed of 600 people to a culturally diverse urban community with a population of 106,000, with the total population of the Central Okanagan Regional District, the area of this study, consisting of 185,443 people. Kelowna offers its guests the comforts of a big city while maintaining the charm of a small town. With its breathtaking landscape, Kelowna is often noted as one of Canada's most scenic cities. In Kelowna's Cultural District, a wide range of galleries, museums, theatres, fine dining restaurants, and unique shops provide visitors many places of discovery located within close proximity to each other. Kelowna remains true to its origins by preserving areas of the city for residents and visitors to enjoy Kelowna's historical roots, such as Marshall St. Heritage Area or Abbott St. Heritage Area. With its hot summers and mild winters, Kelowna's climate procures Kelowna as one of the best single destination stops for enjoying limitless multi-seasonal activities. During the winter season, skiing, snowboarding and other winter activities are available at nearby Big White Ski Resort and other wilderness lodges. In the summer, visitors to Kelowna can enjoy the classic Okanagan summer of sunshine, water and beach activities. Pristine golf courses, numbering 19, are a significant lure to many seasoned golfers. Vineyards, wineries and spectacular wine shops are also influential to the tourism industry in Kelowna. There are over 20 wineries in Kelowna that produce some of Canada's finest wines. Often referred to as the jewel of the Okanagan, Kelowna is located on the sandy shores of the vast Okanagan Lake.

A map of the greater Kelowna area is shown in **Figure 1-1**. The Central Okanagan Regional District includes the City of Kelowna, the District of Peachland, the District of West Kelowna, Westbank First Nations lands, the District of Lake Country and rural areas in the Central Okanagan Regional District. Big White Ski Resort, which is located outside of the Central Okanagan Regional District, is also included in the study area.¹² References to Kelowna and the greater Kelowna area in this study include the City of Kelowna and the surrounding Central Okanagan Regional District/Kelowna Census Metropolitan Area.¹³

¹² The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts, and in the employment component of tax revenue analysis.

¹³ Since the geographic boundaries of the Central Okanagan Regional District and the Kelowna Census Metropolitan Area are very similar, data for the Kelowna Census Metropolitan Area from Statistics Canada and BC Stats is used in this study.

Figure 1-1: Map of the Greater Kelowna Area



Source: Regional District of Central Okanagan

1.2 What is Economic Impact?

Economic impact is a measure of the spending and employment associated with a sector of the economy, a specific project (such as the construction of a new facility), or a change in government policy or regulation. Economic impacts can be measured in various ways. Two of the most popular ways to assess economic impact are in terms of the dollar value of industrial output produced, or in terms of person years (full-time equivalents (FTEs)) of employment generated. Other measures include value-added (sometimes called the Gross Domestic Product or GDP) and value of capital used and/or created. All of these are used to express the gross level of activity or expenditure from a sector of the economy, a specific project or a change in policy or regulation. As such, they are not “net” measures that weigh benefits against costs; nevertheless, these measures can be useful in developing an appreciation of projects, investments and economic sectors.

1.3 Scope of the Study

The tourism industry in the greater Kelowna area generates employment for individuals with jobs involved in accommodations, attractions and other supporting businesses and organizations. In addition, the tourism industry will bring in non-local visitors, who will spend money on hotels, local ground transportation, food and beverage, entertainment, etc. This study estimates the economic impacts and tax impacts generated by Kelowna's tourism sector, including:

- **Employment Impacts:** economic impacts associated with employment in the tourism sector of the greater Kelowna area (e.g., employment at accommodation providers, attractions and other tourism support firms).
- **Visitor Spending Impacts:** economic impacts generated by visitor spending in Kelowna (e.g., on food, retail and local ground transportation).
- **Tax Impacts:** tax revenues generated by the employment impacts and visitor spending impacts of Kelowna's tourism sector.

The economic impacts are measured in a number of ways including: additional spending in the local economy, additional full-time employment, and contribution to Gross Domestic Product (GDP).

1.4 Outline of the Study

This report provides an estimate of the economic impacts of tourism in Kelowna, B.C.

- **Chapter 2** explains the methodology for estimating the economic impacts and tax impacts of the employment and visitor spending associated with the tourism sector of the area.
- **Chapter 3** measures and describes the annual employment, visitor spending and tax impacts related to the tourism industry.
- **Chapter 4** provides a comparison of the results with that of the 2006 study on the economic impact of tourism in Kelowna previously conducted by Inter *VISTAS*.
- **Chapter 5** provides a summary of the results.

2. Economic Impacts and Tax Impacts Methodology

2.1 Estimating Current Direct Economic Impact

The direct employment base related to the tourism sector in the greater Kelowna area is first measured. Employment figures are generally more understandable by the public than more abstract measures, such as economic output or GDP. Employment figures also have the advantage of being a more accurate measure, both because the firms are more likely to provide data on employment, as opposed to information on revenues, wages and other monetary amounts, and because there is less chance of double counting economic activity.

The economic impact study then assesses the indirect and induced (or “multiplier”) employment supported by Kelowna’s tourism related activities, as well as economic activity in terms of economic output and GDP using Statistics Canada’s economic multipliers. The tax revenues generated annually by the tourism sector are also estimated.

2.1.1 Surveying Direct Employment

Accommodations and Other Tourism Industries Employment Survey

Employment at accommodation providers, the destination marketing organization, attractions and other tourism service providers was measured by surveying over 330 related businesses and organizations. The list of businesses surveyed was developed using a stakeholder contact list provided by Tourism Kelowna. This list was supplemented with additional tourism-related businesses and organizations identified by Inter *VISTAS* using standard listings, such as Yellow Pages, hotel directories, etc. In total, 50% of the businesses and organisations contacted responded to the survey, representing nearly 84% of total person years of employment covered by the survey.

The survey was mailed out electronically by Inter *VISTAS*, with a cover letter signed by Tourism Kelowna, President and CEO, Ms. Nancy Cameron. The letter explained the purpose of the study, the confidentiality of responses and encouraged members of the tourism business community to participate. A sample copy of the survey is provided in **Appendix A**.

Following the initial electronic mail-out of the surveys and throughout the following weeks, non-responding firms were contacted by telephone by Inter *VISTAS* to follow-up. Firms were encouraged to return the survey and new copies were offered if the originals were lost. The replacement surveys were emailed once again. Some survey responses were collected via a telephone interview with firms.

Because many of the businesses surveyed provide services to both residents and tourists, businesses were asked to estimate the total amount of their revenues related specifically to tourist spending. These figures were used to adjust the employment figures to reflect only tourism-related employment in the greater Kelowna area.

The employment survey was conducted in July through October 2011, and results reflect employment as of 2011.

2.2 Inferring Employment

Employment was “inferred” for firms that did not respond to the survey using a proven and accepted methodology.¹⁴ This includes using other sources of employment information such as past employment surveys (if applicable) or using survey results for firms of similar types. A conservative approach was taken when using other survey or employment information to infer for non-responding firms.

There may be firms which were not surveyed simply because it was not known that they existed. We do not include an estimate of employment for such non-surveyed firms because there is no basis for an assessment. In any event, we expect most of these to be very small in terms of missed employment (See **Appendix C**).

2.3 Jobs versus Person Years

Traditionally, one measures employment by the number of jobs. However, when part-time and/or seasonal workers are used, this can be a misleading measure resulting in an overstatement of economic impact. Whenever possible, employment impacts are measured both in terms of the number of jobs and the number of person years.¹⁵

2.4 Direct versus Indirect versus Induced Employment

The economic impact can be broken down into the following categories:

Direct employment is employment generated and supported by tourism activity in the area. The direct employment base includes employment at accommodation providers, attractions and other tourism service providers. It also includes employment generated by visitor spending on food/beverage, retail and ground transportation.

Indirect employment is employment in down-stream industries that results from the presence of the tourism sector in the area. For example, food wholesalers that supply food for catering at hotels would be considered indirect employment. Indirect employment is generated in industries that supply or provide services to the tourism industry.

Induced employment is employment generated from expenditures by individuals employed indirectly or directly. For example, if a hotel employee decides to expand or re-model his/her home, this would result in additional (induced) employment hours in the general economy. The home renovation project would support hours of induced employment in the construction industry, the construction materials industry, etc.

Total employment is the sum of direct, indirect and induced effects. The multiplier (indirect and induced) economic impacts represent the maximum potential stimulus to the economy resulting from the tourism sector.

¹⁴ The methodology employed in this study to infer for non-respondents is also used by the federal government for estimating the national income and product accounts.

¹⁵ One person year is equivalent to 1,832 hours of work. See **Appendix B** for a detailed calculation of the number of hours per person year. 1 person year (PY) is equal to 1 full time equivalent (FTE).

2.5 Multiplier Economic Impacts

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

2.5.1 Economic Multipliers

As an alternative to costly and inaccurate surveys, indirect and induced effects are typically measured by the use of economic multipliers. Multipliers are derived from economic/statistical/accounting models of the general economy.¹⁶ They come in a variety of forms and differ greatly in definition and application. Thus, great care must be exercised in choosing the appropriate set of multipliers to use. In addition, the use of multiplier analysis is limited by a number of factors, these being:

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

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

2.5.2 Other Economic Impacts: Economic Output and GDP

In addition to employment, the economic impact of the tourism industry can be measured in terms of the dollar impacts on the economy.

The two most common measures of economic contribution (in addition to employment) are *gross domestic product (GDP)* and *economic output*. Economic output roughly corresponds to the *gross* revenues of goods or services produced by an economic sector, while GDP measures only *value-added* revenues. As such, GDP removes the revenues to suppliers of *intermediate* goods and services and only includes the revenues from value-added production. Alternatively, economic output adds all revenues at each stage of production together as a measure of total production in the economy. Economic output will always be greater than GDP (also termed value-added).

One approach to measuring GDP and economic output is to ask firms in a survey to provide information on their gross revenues, payments to suppliers, etc. However, there are several

¹⁶ The multipliers used for the analysis are based on Statistics Canada economic multipliers for British Columbia from the 2007 Interprovincial Input-Output model, the most recently available. These multipliers were updated with Consumer Price Indices to account for inflation.

problems with the approach. First, it is much too expensive. Second, the double counting problem makes this approach impractical. An alternative is to infer GDP and economic output for an economic sector from employment data using economic multipliers. Statistics Canada produces economic multipliers both for Canada and all of the provinces and territories, and these are both more cost effective and more accurate than obtaining the data from surveys. This method, using Statistics Canada economic multipliers for British Columbia, is the approach adopted here.

2.6 Visitor Spending Impacts

Non-local travellers spend money in the local economy when they visit the greater Kelowna area – on hotels, taxis, recreation, food and beverage, entertainment, etc. By bringing money into a region and spending it there, visitors exert an immediate and direct impact on the local economy. This study includes an estimate of the economic impact of non-local, non-accommodation and non-entertainment visitor spending.¹⁷

2.6.1 Surveying Visitor Spending

Kettle Valley Research 2011 Visitor Survey Spending Profile

Kettle Valley Research's *2011 Visitor Survey Spending Profile* provides a snapshot of Kelowna's visitor profile for travel to the area. The survey was conducted in July and August 2011. These results are used to estimate the annual expenditure of non-local visitors to the greater Kelowna area.

2.7 Tax Impacts

Tourism activity in the greater Kelowna area also generates tax revenues. This includes revenues received by federal, provincial and municipal levels of government.

Revenue contributions are divided into two groups, based on who is making the payment:

- **Taxes paid by employers and employees.** These are taxes paid by the employers and employees of accommodation providers and other tourism service providers. They include income and payroll taxes, and social insurance contributions (such as the employment insurance premiums). Also included is an estimate of property taxes paid related to tourism businesses in Kelowna.
- **Taxes paid by non-local visitors.** Visitors pay various taxes and fees.¹⁸ For example, these include taxes on personal expenditures in Kelowna, such as taxes on food and beverages, taxes on retail shopping and taxes on hotel accommodations.¹⁹

¹⁷ Visitor spending does not include amounts spent on accommodations and entertainment in order to avoid double counting of employment already taken into account in the employment survey of tourism related employers, including accommodation providers and attractions. Visitor spending includes expenditure on retail, food & beverage and local transportation within the Kelowna area.

¹⁸ The Harmonized Sales Tax (HST) was implemented beginning July 1, 2010 in British Columbia. For the purposes of the tax analysis, the HST has been separated out into its GST and PST components to document the federal and provincial portions of tax collected respectively.

For each category, taxes paid to the federal, provincial and municipal levels of government are separately identified.²⁰

This study presents the tax revenue contributions resulting from tourism activity in the greater Kelowna area.²¹ As with all such studies, a conceptual decision has to be made as to how broad a definition of *economic activity* should be used in measuring the impacts. For this study a relatively narrow definition has been taken, for example, the following have **not** been included:

- Taxes associated with indirect or induced employment (i.e., multiplier effects);
- Consumption taxes (e.g., HST) paid by employees of tourism related businesses when they spend their income in the broader economy.

It would be exceedingly complex to broaden the scope of the tax base in this analysis to include taxes generated by indirect and induced employment. The level of detail collected on direct employment by the survey is critical to the analysis while such information is not available for the indirect and induced employment. This being the case, impacts and speculation about the general economy would be complex and averages would not necessarily be precise or accurate. Therefore, the tax analysis in this report is limited to revenues attributable to direct employment only.

¹⁹ Taxes on food and beverage and retail expenditures are based on visitor spending data from Kettle Valley Research's 2011 Visitor Survey Spending Profile conducted in July and August, while taxes on hotel accommodations are based on BC Stats hotel room revenue data for Central Okanagan Regional District for 2010.

²⁰ For the most part, this study **estimates** taxes paid from information on non-local visitors, employers and employees at tourism service providers in the greater Kelowna area. In a few situations, such as the corporate income tax paid by employers, an approximate method was used to estimate taxes paid. In every case conservative methods were used. No major tax has been excluded.

²¹ All estimates are for the 2010 calendar year, unless otherwise stated.

3. Economic Impacts and Tax Impacts of Tourism in Kelowna, B.C.

3.1 Introduction

This section measures and describes the annual employment impacts, visitor spending impacts and tax impacts related to the tourism industry. The economic impacts and tax impacts of tourism activity in Kelowna is comprised of:

- Accommodation employment impacts;
- Other tourism industries employment impacts; and
- Visitor spending impacts (not including amounts spent on accommodations and entertainment).

3.2 Accommodation Employment Impacts

A wide range of accommodation options are available in the greater Kelowna area to suit all needs – ranging from full-service, five-star hotels to bed and breakfast establishments. Over 4,400 rooms are offered for non-local visitors across the greater Kelowna area's accommodation providers.²² The impacts below reflect employment at the accommodation providers in Kelowna, B.C.

3.2.1 Direct Economic Impacts

A summary of the annual direct economic impact of accommodation employment in the greater Kelowna area, including wages, GDP and economic output, is provided in **Figure 3-1**. Each year, accommodation providers in Kelowna generate approximately 1,300 person years of employment (close to 1,800 jobs), earning over \$40 million in wages. Furthermore, the accommodation employment in the area contributes more than \$70 million in GDP and approximately \$120 million in economic output to the provincial economy per annum. Based on surveyed employment, the jobs to person year ratio was approximately 1.60 for accommodation employment.

Figure 3-1: Annual *Direct* Economic Impact of Accommodation Employment in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct Impacts	1,798	1,265	44	74	122

²² Tourism Kelowna

3.2.2 Total Economic Impacts

Using Statistics Canada multipliers, the indirect and induced impacts of accommodation employment in the greater Kelowna area were estimated to determine the total economic impacts. Including multiplier impacts, the total economic impact of accommodation employment in Kelowna is comprised of more than 2,000 person years of employment (over 3,000 jobs), earning over \$50 million in wages, along with an estimated \$90 million in GDP and approximately \$150 million in economic output each year. The total economic impacts of accommodation employment in Kelowna on the provincial economy are summarised in **Figure 3-2**.

Figure 3-2: Total Annual Economic Impact of Accommodation Employment in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct	1,798	1,265	44	74	122
Indirect	491	308	3	7	12
Induced	753	472	6	11	19
<i>Total</i>	<i>3,042</i>	<i>2,045</i>	<i>53</i>	<i>92</i>	<i>153</i>

3.2.3 Tax Impacts

This part of the report documents the current contribution to government revenues resulting from accommodation employment and expenditure in the greater Kelowna area.²³ This includes revenues received by federal, provincial and municipal levels of government. Accommodation employment in Kelowna generated tax revenue contributions to all levels of government, estimated to be in the order of \$18 million. In addition, tax revenue is also generated from accommodation costs by non-local visitors to Kelowna, B.C.²⁴ The total contributions paid by overnight visitors staying at hotels amounted to close to \$10 million. Together, hotel employment and accommodation expenditure in Kelowna generated a total of nearly \$28 million in tax revenue contributions to all levels of government. The federal government is the largest recipient of tax revenue, receiving nearly \$15 million (54% of the total). The provincial government received approximately \$10 million in tax revenue (34% of total tax revenue). The municipal government collects more than \$3 million in taxes (12% of the total) related to the hotel tax and a rough estimate of business property taxes related to accommodation providers. A complete summary of

²³ All estimates are for the 2010 calendar year, except for tax revenues paid by non-local visitors, which is based on 2011 non-local visitor spending information.

²⁴ Based on BC Stats hotel room revenue data for Central Okanagan Regional District for 2010, the total accommodations expenditure per annum is estimated to be more than \$69 million (excluding taxes).

tax contributions generated by accommodation employment and expenditure in Kelowna is provided in Figure 3-3.

Figure 3-3: Current Tax Contributions of Accommodation Employment & Expenditure in Kelowna, B.C. – 2010

SUMMARY OF TAX CONTRIBUTIONS OF ACCOMMODATION PROVIDERS IN KELOWNA BC - 2010							
	Federal		Provincial		Municipal		All Gov'ts Amount (\$m)
	Tax	Amount (\$m)	Tax	Amount (\$m)	Tax	Amount (\$m)	
Paid by Employers or Employees	Personal Income Tax	3.1	Personal Income Tax	1.0	Business Property Tax	1.9	
	Corp. Income Tax	2.1	Corp. Income Tax	0.7			
	EI - Employer	1.1	WCB	0.6			
	EI - Employee	0.8	Medical Premiums	0.9			
	CPP - Employer	2.2	Business Property Tax	1.6			
	CPP - Employee	2.2					
	Total	11.4	Total	4.7	Total	1.9	18.0
	Paid by Visitors	Hotel GST	3.5	Hotel PST	4.9	Hotel Local Tax	1.4
Total		3.5	Total	4.9	Total	1.4	9.7
Grand Total	\$14.8	Grand Total	\$9.6	Grand Total	\$3.3	\$27.7	

Notes: For the purposes of the tax analysis, the HST has been separated out into its GST and PST components to document the federal and provincial portions of tax collected respectively. Totals may not add up due to rounding.

3.3 Other Tourism Industries Employment Impacts

The greater Kelowna area is home to a wide range of different attractions that include prestigious golf courses, gorgeous beaches, globally renowned wineries, vast orchards, a wide range of sport activities, along with endless shopping and fine dining. The impacts that follow reflect employment at the other tourism industries, such as wineries, attractions, air transportation and other supporting businesses and organizations of the tourism sector located in Kelowna.²⁵

3.3.1 Direct Economic Impacts

Approximately 1,800 person years of employment (approximately 2,800 jobs) are attributable to tourism attractions and services in Kelowna, together earning close to \$80 million in wages annually. In addition, approximately \$180 million in GDP and more than \$370 million in economic output is contributed to the provincial economy by this employment base per annum. A summary of the annual direct economic impact of employment in other tourism industries in the greater Kelowna area, including wages, GDP and economic output, is provided in Figure 3-4. Based on

²⁵ Air transportation employment related to the inbound air visitors to the area included in this section is based on the 2010 Kelowna International Airport Economic Impact Study conducted by InterVISTAS.

surveyed employment, the jobs to person ratio was approximately 1.88 for other tourism related employment.

Figure 3-4: Annual *Direct* Economic Impact of Other Tourism Industries Employment in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct Impacts	2,854	1,814	79	178	373

3.3.2 Total Economic Impacts

In order to determine the total economic impacts, the indirect and induced impacts of employment in other tourism industries in the greater Kelowna area were estimated using Statistics Canada multipliers. Including multiplier impacts, the total economic impact of employment attributable to tourism attractions and services in Kelowna is comprised of 3,400 person years of employment (over 5,800 jobs), earning over \$110 million in wages, along with approximately \$240 million in GDP and close to \$530 million in economic output each year. **Figure 3-5** summarises the total economic impacts of employment in other tourism industries in Kelowna on the provincial economy.

Figure 3-5: Total Annual Economic Impact of Other Tourism Industries Employment in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct	2,854	1,814	79	178	373
Indirect	1,493	795	18	30	83
Induced	1,470	783	15	33	73
<i>Total</i>	<i>5,817</i>	<i>3,392</i>	<i>112</i>	<i>241</i>	<i>529</i>

3.3.3 Tax Impacts

The current contribution to government revenues resulting from employment in other tourism industries and expenditure on entertainment, such as theatre tickets, admission to sports events, etc., in the greater Kelowna area is documented in this section of the report.²⁶ This includes revenues received by federal, provincial and municipal levels of government. Employment in other tourism industries in Kelowna generated tax revenue contributions to all levels of government, estimated to be in the order of \$33 million. In addition, tax revenue is also generated from entertainment costs by non-local visitors to Kelowna, B.C.²⁷ The total tax contributions paid by visitors from their entertainment spending amounted to nearly \$2 million. Together, the total tax revenue contribution to all levels of government generated by employment attributable to other tourism employment and entertainment expenditure in Kelowna is over \$35 million. The federal government is the largest recipient of tax revenue, receiving more than \$22 million (63% of the total). The provincial government received close to \$10 million in tax revenue (28% of total tax revenue). The municipal government is estimated to receive approximately \$3 million (9% of the total) in business property taxes estimated to be associated employment in other tourism related industries. A complete summary of tax contributions by employment in other tourism industries in Kelowna is provided in Figure 3-6.

Figure 3-6: Current Tax Contributions of Other Tourism Industries Employment & Entertainment Expenditure in Kelowna, B.C. – 2010

SUMMARY OF TAX CONTRIBUTIONS OF OTHER TOURISM INDUSTRIES IN KELOWNA BC - 2010							
	Federal		Provincial		Municipal		All Gov'ts Amount (\$m)
	Tax	Amount (\$m)	Tax	Amount (\$m)	Tax	Amount (\$m)	
Paid by Employers or Employees	Personal Income Tax	8.8	Personal Income Tax	3.1	Business Property Tax	3.0	
	Corp. Income Tax	3.0	Corp. Income Tax	1.0			
	EI - Employer	1.6	WCB	1.1			
	EI - Employee	1.2	Medical Premiums	1.2			
	CPP - Employer	3.5	Business Property Tax	2.5			
	CPP - Employee	3.5					
	Total	21.5	Total	9.0	Total	3.0	33.5
Paid by Visitors	Entertainment GST	0.7	Entertainment PST	1.0			
	Total	0.7	Total	1.0	Total	0.0	1.7
Grand Total	\$22.2	Grand Total	\$9.9	Grand Total	\$3.0	\$35.1	

Notes: For the purposes of the tax analysis, the HST has been separated out into its GST and PST components to document the federal and provincial portions of tax collected respectively. Totals may not add up due to rounding.

²⁶ All estimates are for the 2010 calendar year, except for tax revenues paid by non-local visitors, which is based on 2011 non-local visitor spending information.

²⁷ Based on the average visitor spending on entertainment provided by Kettle Valley Research's 2011 Visitor Survey Spending Profile and Statistics Canada visitor statistics for 2010, the total entertainment expenditure per annum is estimated to be close to \$13 million (excluding taxes).

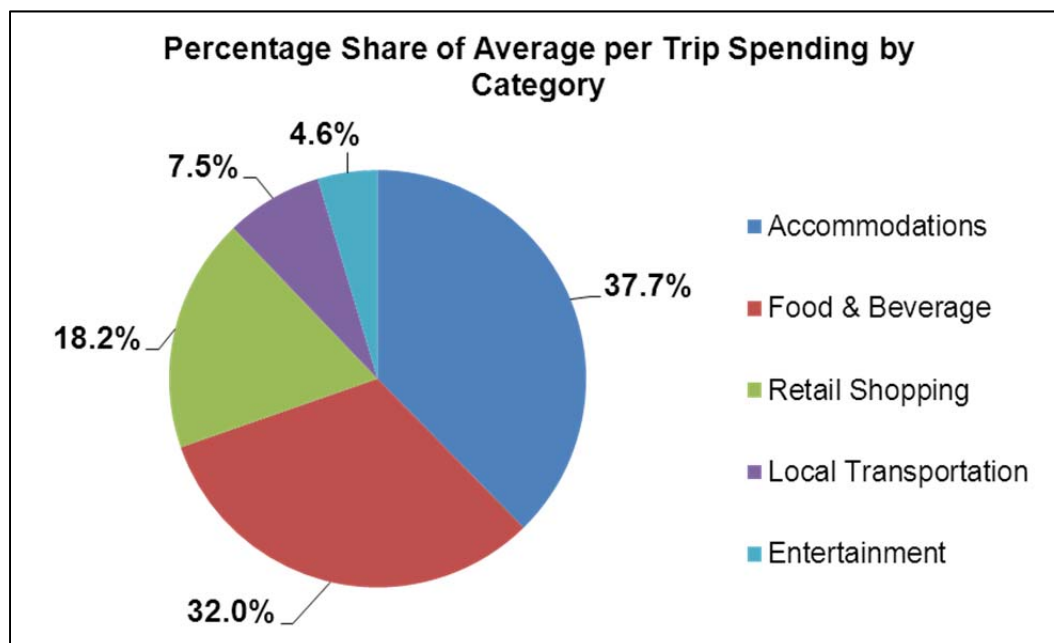
3.4 Visitor Spending Impacts

Spending by non-local visitors in Kelowna, B.C. on food and beverage, retail, car rental and taxis also contribute a significant amount of economic impact to the tourism sector in Kelowna. For the analysis of non-accommodation and non-entertainment visitor spending impacts in the greater Kelowna area, annual non-local visitor expenditure was estimated from the visitor spending data from the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research and Statistics Canada's *Travel Survey of Residents of Canada & International Travel Survey* for 2010.

3.4.1 Visitor Spending Characteristics

According to the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research in July and August 2011 (this time period is considered the peak travel times), the average travelling party size is 3.6 people, and the average nights spent in Kelowna is 5.5 nights per stay. Based on the survey's results, each visitor spent an average of \$530 in the area over their entire trip. **Figure 3-7** shows the percentage share of the average per trip spending by category. On average, non-local visitors spend 38% of their total trip expenditure on accommodations and 32% on food and beverage. Retail shopping accounts for 18% of average visitor spending per trip. Local transportation expenses within Kelowna and entertainment costs comprise 8% and 5%, respectively, of average per trip visitor spending.

Figure 3-7: Percentage Share of Average per Trip Spending by Category



Source: *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research.

Visitor spending impacts in Kelowna are based on average non-accommodation and non-entertainment spending per person per day.²⁸ Using the visitor characteristics from Kettle Valley Research's *2011 Visitor Survey Spending Profile*, it is estimated that on average non-local visitors to the area spend \$50 per person per day on food and beverage, retail and local transportation. With an estimate of over 1.5 million person-visits provided by Statistics Canada's *Travel Survey of Residents of Canada & International Travel Survey* for 2010, the total annual non-accommodation and non-entertainment visitor expenditure of same day and overnight visitors in the greater Kelowna area was close to \$180 million, including taxes.

3.4.2 Direct Employment Impacts

In addition to the employment and other economic impacts of accommodation providers, attractions and other tourism service providers, there are also economic impacts associated with non-accommodation and non-entertainment visitor spending.²⁹ The economic impacts associated with the non-local visitor spending on food and beverage, retail and ground transportation are estimated using Statistics Canada multipliers. These multipliers estimate the direct employment generated by each dollar of non-local visitor spending, as well as wages and GDP.³⁰ The employment and economic impacts associated with visitor spending in the greater Kelowna area could potentially include up to 1,900 direct person years of employment (over 2,400 jobs) and more than \$80 million in GDP per annum in the Province of British Columbia. The direct economic impacts of the annual visitor spending in Kelowna are summarised in **Figure 3-8**. A jobs to person years ratio of 1.28 is assumed for visitor spending employment.

Figure 3-8: Annual *Direct* Visitor Spending Impacts in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years)	Wages (\$ Millions)	GDP (\$ Millions)	Total Visitor Spending ~ Economic Output (\$ Millions)
Direct Impacts	2,420	1,889	53	83	158

Notes: The economic impacts are estimated for total non-accommodation and non-entertainment visitor spending in Kelowna excluding taxes.

²⁸ Visitor spending employment impacts excludes amounts spent on accommodations and entertainment, in order to avoid double counting of employment impacts associated with the accommodations and other tourism industries sectors covered in previous sections.

²⁹ The economic impacts are estimated for total non-accommodation and non-entertainment visitor spending in Kelowna excluding taxes, which is equivalent to approximately \$158 million.

³⁰ Only the direct impacts of visitor spending are estimated (and not indirect and induced impacts) to mitigate double counting.

3.4.3 Tax Impacts

The current contribution to government revenues paid by visitors, resulting from non-accommodation and non-entertainment visitor expenditures in the greater Kelowna area, and by the direct employment generated by each dollar of non-local visitor spending estimated is documented in this section of the report.³¹ This includes revenues received by federal, provincial and municipal levels of government.³² The total tax revenue contribution to all levels of government generated by visitor spending and the associated employment in Kelowna is more than \$37 million. The federal government is estimated to have received approximately \$20 million (55% of the total). The provincial government is estimated to have received over \$14 million (38% of total tax revenue). The municipal government is estimated to have received close to \$3 million in taxes (7% of the total) estimated to be related to property taxes. **Figure 3-9** provides a complete summary of tax contributions by non-accommodation and non-entertainment visitor spending in Kelowna.

Figure 3-9: Current Tax Contributions of Non-Accommodation Tourism Spending in Kelowna, B.C. – 2010

SUMMARY OF TAX CONTRIBUTIONS OF NON-ACCOMMODATION VISITOR SPENDING IN KELOWNA BC - 2010							
	Federal		Provincial		Municipal		All Gov'ts
	Tax	Amount (\$m)	Tax	Amount (\$m)	Tax	Amount (\$m)	Amount (\$m)
Paid by Employers or Employees	Personal Income Tax	3.6	Personal Income Tax	1.1	Business Property Tax	2.5	
	Corp. Income Tax	3.1	Corp. Income Tax	1.0			
	EI - Employer	1.3	WCB	0.5			
	EI - Employee	0.9	Medical Premiums	1.3			
	CPP - Employer	2.6	Business Property Tax	2.2			
	CPP - Employee	2.6					
	Total	14.1	Total	6.1	Total	2.5	22.7
	Paid by Visitors	Food & Beverage GST	2.8	Food & Beverage PST	3.9		
Retail GST		2.6	Retail PST	2.8			
Car Rental GST		0.2	Car Rental PST	0.2			
Other Transp. GST		1.0	Other Transp. PST	1.3			
Total		6.6	Total	8.2	Total	0.0	14.8
Grand Total		\$20.6	Grand Total	\$14.3	Grand Total	\$2.5	\$37.5

Notes: For the purposes of the tax analysis, the HST has been separated out into its GST and PST components to document the federal and provincial portions of tax collected respectively. Totals may not add up due to rounding.

³¹ Visitor spending employment impacts excludes amounts spent on accommodations and entertainment, in order to avoid double counting of employment impacts associated with the accommodations and other tourism industries sectors covered in previous sections.

³² All estimates are for the 2010 calendar year, except for tax revenues paid by non-local visitors, which is based on 2011 non-local visitor spending information.

3.5 Summary of Current Total Impacts of Tourism in Kelowna

3.5.1 Economic Impacts

The total *direct* impacts of the greater Kelowna area's accommodation providers, other tourism industries and visitor spending amount to nearly 5,000 *direct* person years of employment (nearly 7,100 jobs), earning close to \$180 million in wages, generating nearly \$340 in GDP and approximately \$650 in economic output. See **Figure 3-10**. Including multiplier impacts, tourism in Kelowna generates over 7,300 person years of employment (approximately 11,300 jobs), close to \$220 million in wages, \$420 million in GDP and approximately \$840 million in economic output.³³

Figure 3-10: Summary of Total Impacts of Tourism in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (Person Years) ³⁴	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct Impacts					
Accommodations	1,798	1,265	44	74	122
Other Tourism Industries*	2,854	1,814	79	178	373
Visitor Spending**	2,420	1,889	53	83	158
Total Direct Impacts	7,072	4,968	176	335	653
Indirect***	1,984	1,103	21	37	95
Induced***	2,223	1,255	21	44	92
Grand Total Impacts	11,279	7,326	218	416	840

Notes:

* Other tourism industries impact reflects employment in attractions, air transportation and other supporting businesses and organizations of the tourism sector in the region.

** Visitor spending impact is based on the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research in July and August 2011. Visitor spending includes expenditure on retail, food & beverage and local transportation within the greater Kelowna area.

*** Does not include indirect and induced impacts for visitor spending (only for Accommodations and Other Tourism Industries) in order to avoid double-counting of impacts.

- The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

³³ The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

³⁴ Person Years may also be referred to as Full-Time Equivalent (FTE). 1 person year is equivalent to 1 FTE.

3.5.2 Tax Impacts

The overall tax revenue contribution to all levels of government generated by the employment impacts and visitor spending impacts of the greater Kelowna area's tourism sector is approximately \$100 million. The federal government received more than \$57 million (57% of the total), while the provincial government received nearly \$34 million in tax revenue (34% of total tax revenue). Close to \$9 million in taxes (9% of the total) is estimated to be collected by the municipal government, which includes the hotel tax and an estimate of business property taxes. The contribution of employers and employees comprised 74% of the total tax revenue (over \$74 million), while the taxes paid by non-local visitors made up 26% (more than \$26 million).³⁵ See **Figure 3-11**.

Figure 3-11: Summary of Overall Tax Contributions of Tourism in Kelowna, B.C.

SUMMARY OF TAX CONTRIBUTIONS OF TOURISM IN KELOWNA BC - 2010							
	Federal		Provincial		Municipal		All Gov'ts
	Tax	Amount (\$m)	Tax	Amount (\$m)	Tax	Amount (\$m)	Amount (\$m)
Paid by Employers or Employees	Personal Income Tax	15.5	Personal Income Tax	5.2	Business Property Tax	7.4	
	Corp. Income Tax	8.1	Corp. Income Tax	2.7			
	EI - Employer	4.0	WCB	2.2			
	EI - Employee	2.8	Medical Premiums	3.4			
	CPP - Employer	8.2	Business Property Tax	6.3			
	CPP - Employee	8.2					
	Total	46.9	Total	19.8	Total	7.4	74.2
Paid by Visitors	Hotel GST	3.5	Hotel PST	4.9	Hotel Local Tax	1.4	
	Entertainment GST	0.7	Entertainment PST	1.0			
	Food & Beverage GST	2.8	Food & Beverage PST	3.9			
	Retail GST	2.6	Retail PST	2.8			
	Car Rental GST	0.2	Car Rental PST	0.2			
	Other Transp. GST	1.0	Other Transp. PST	1.3			
	Total	10.8	Total	14.0	Total	1.4	26.2
Grand Total	\$57.7	Grand Total	\$33.8	Grand Total	8.8	\$100.3	

Notes:

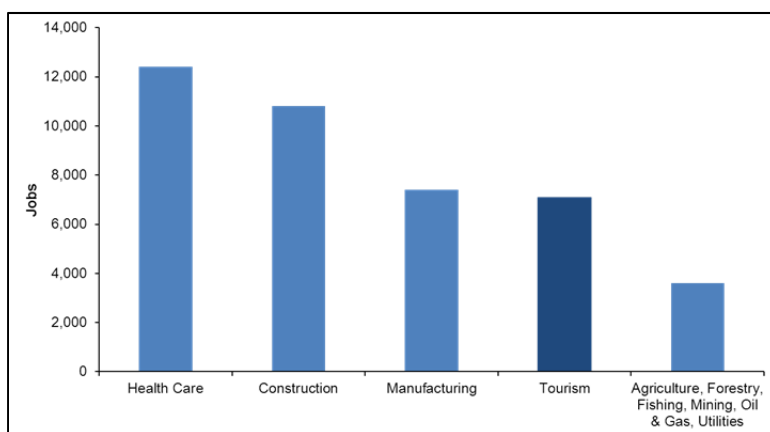
- For the purposes of the tax analysis, the HST has been separated out into its GST and PST components to document the federal and provincial portions of tax collected respectively.
- Totals may not add up due to rounding.
- The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

³⁵ The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

3.5.3 Characteristics of Tourism Employment

Tourism is one of the largest employers in the greater Kelowna area. Tourism generates roughly the same number of jobs as manufacturing, and more than agriculture, forestry, fishing, mining, oil and gas, and utilities. **Figure 3-12** provides a comparison of tourism employment in Kelowna versus other industries in the area.

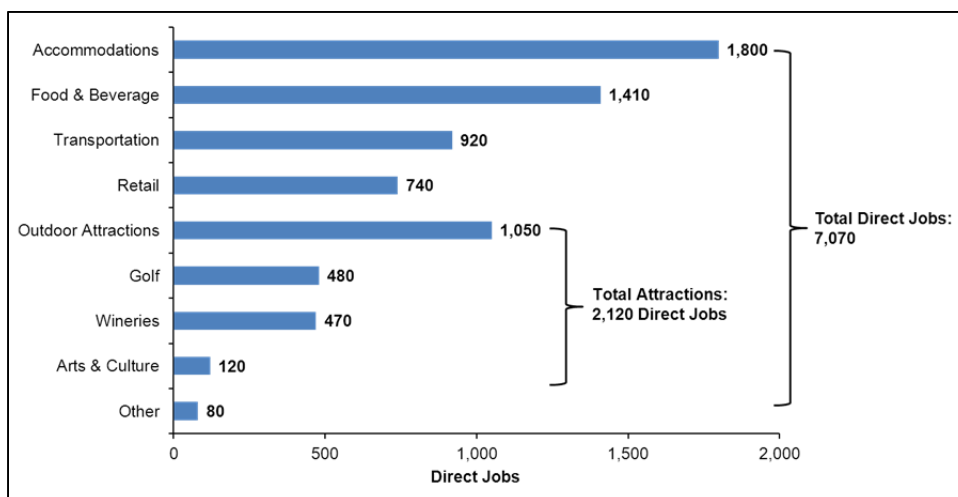
Figure 3-12: Employment in Tourism versus Other Industries in Kelowna



Source: BC Stats - Employment by Industry for the Metropolitan Areas, Kelowna Census Metropolitan Area (2010)

As shown in **Figure 3-13**, the largest number of tourism-related jobs is in the accommodations providers, with approximately 1,800 direct jobs. In total, the attractions in the greater Kelowna area (outdoor attractions, ski resorts, golf, wineries, art galleries, museums, etc.) generate a total of approximately 2,120 direct jobs. Other major business types include food and beverage, transportation and retail.³⁶

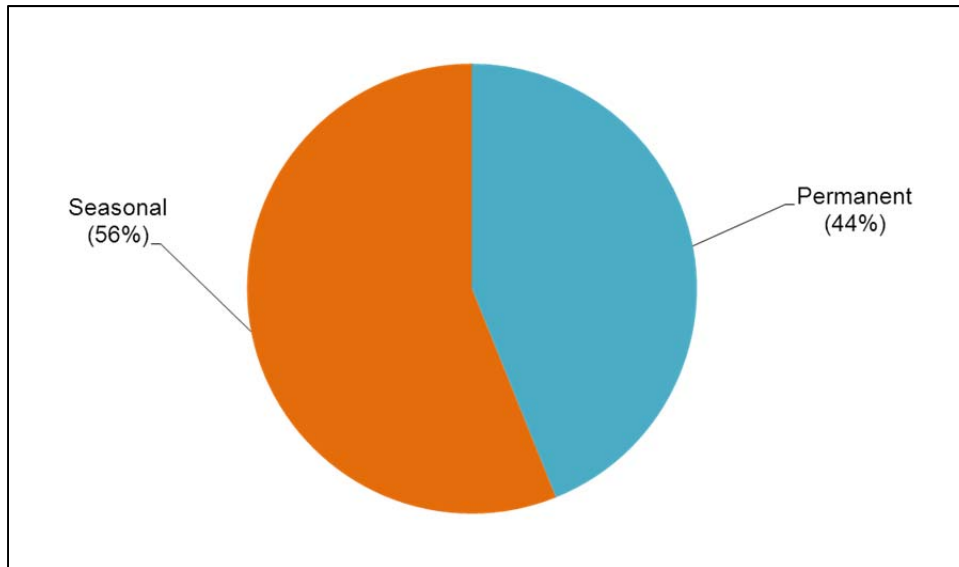
Figure 3-13: Total Kelowna Tourism Employment by Business Type (Direct Jobs)



³⁶ Transportation includes both air transportation employment related to the inbound air visitors to the area and employment generated by visitor spending on local transportation within the greater Kelowna area.

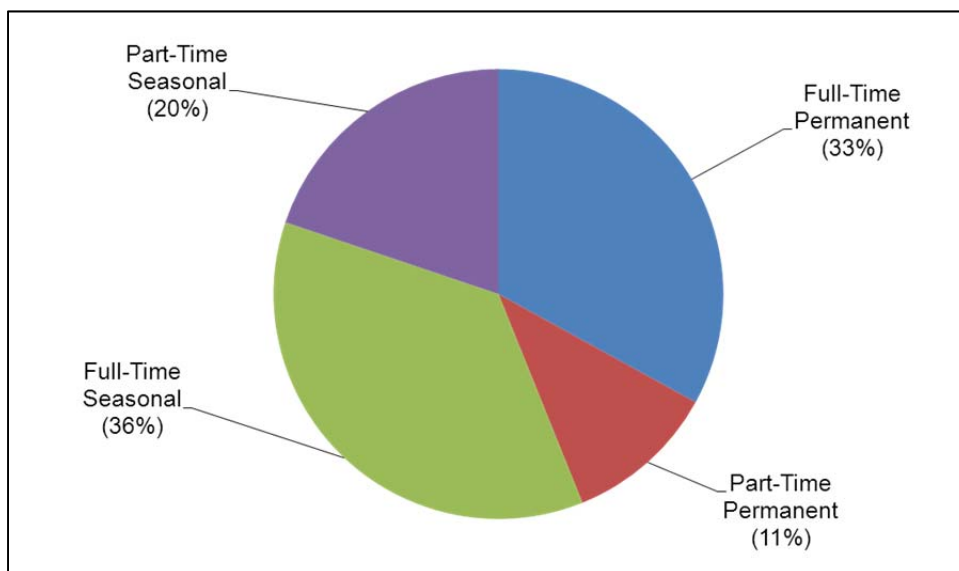
Based on surveyed direct jobs, approximately 40% of tourism-related jobs in the greater Kelowna area are permanent positions, while 60% of tourism jobs are seasonal positions. **Figure 3-14** shows the permanent and seasonal components of employment attributable to tourism operations in Kelowna. Approximately three quarters of the permanent positions are full-time positions. Similarly, over 60% of the seasonal jobs consist of full-time seasonal positions. The breakdown of permanent and seasonal jobs by full-time and part-time positions is presented in **Figure 3-15**.

Figure 3-14: Permanent vs. Seasonal Tourism Employment in Kelowna



Note: This chart is based on surveyed direct jobs.

Figure 3-15: Full-Time vs. Part-Time Tourism Employment in Kelowna



Note: This chart is based on surveyed direct jobs.

4. Comparison with 2006 Economic Impact Study³⁷

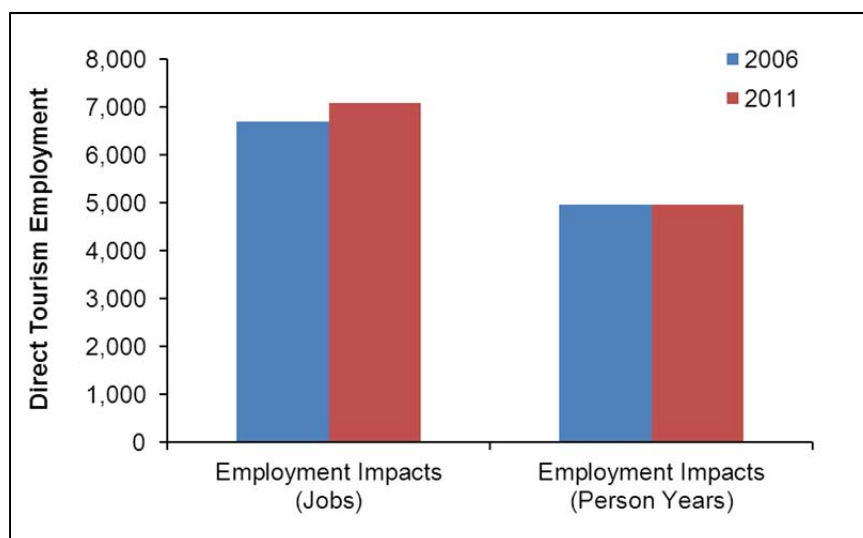
4.1 Comparison of Tourism Employment

In December 2006, InterVISTAS conducted a study on the economic impact of tourism in Kelowna, B.C. **Figure 4-1** and **Figure 4-2** show the baseline of total *direct* employment of the tourism industry in Kelowna in 2006 compared to total *direct* employment impacts estimated in 2011. The total *direct* jobs increased by approximately 6%, while the total *direct* person years remained relatively constant (with an increase of 0.1%) in 2011 compared to 2006. The jobs to person years ratio in 2011 (1.42) was higher than in 2006 (1.35) by 5%, indicating that in 2006 more employees had full-time permanent positions than in 2011. **Figure 4-3** provides a comparison of the breakdown of permanent and seasonal jobs by full-time and part-time positions in 2006 and 2011.

Figure 4-1: Comparison of *Direct* Tourism Employment Impacts, 2006 vs. 2011

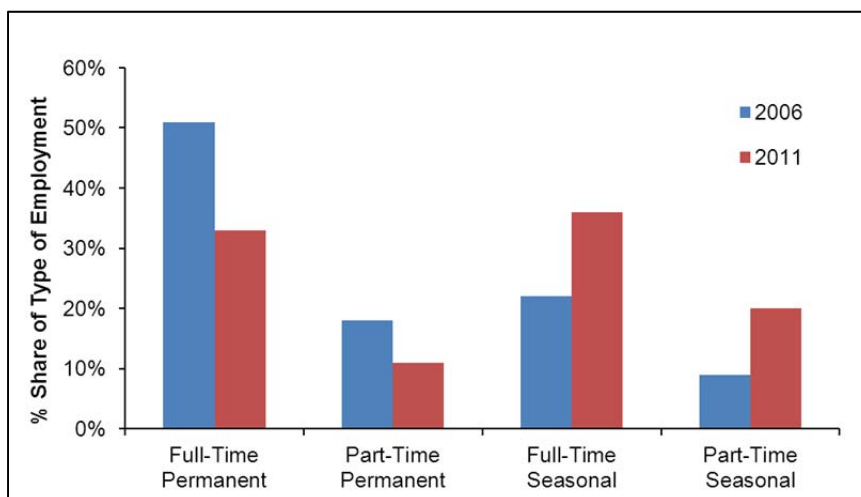
Type of Impact	Employment (Jobs)	Employment (Person Years)	Jobs to Person Years Ratio
Total <i>Direct</i> Impacts (2006)	6,687	4,964	1.35
Total <i>Direct</i> Impacts (2011)	7,072	4,968	1.42
<i>% Difference</i>	<i>5.8%</i>	<i>0.1%</i>	<i>5.2%</i>

Figure 4-2: Comparison of *Direct* Tourism Employment Impacts, 2006 vs. 2011



³⁷ The results from the 2006 study used in the comparisons in this section were adjusted to match the study area examined in the 2011 study, as Silver Star Mountain Resort was included in the 2006 study area.

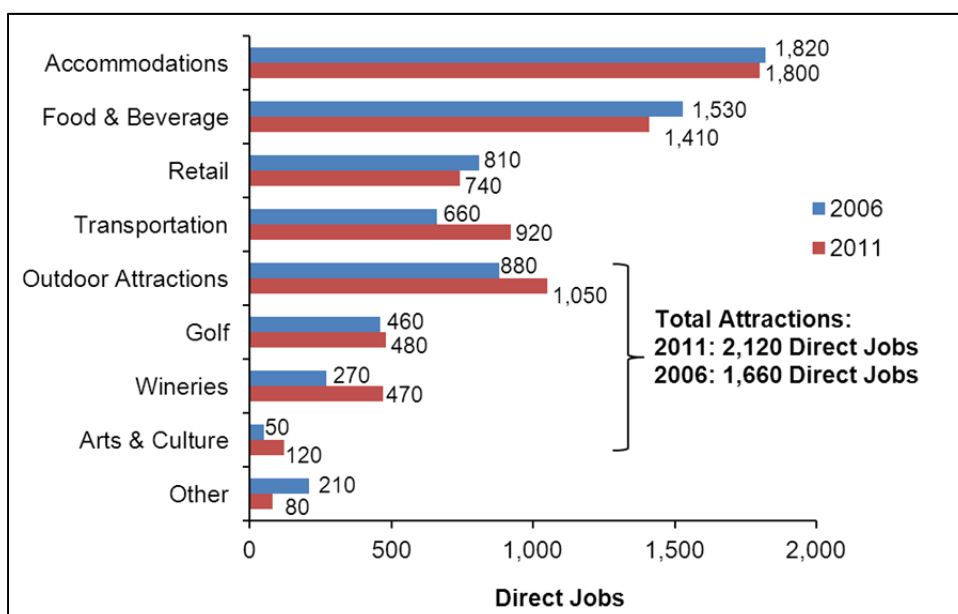
Figure 4-3: Comparison of Full-Time and Part-Time Tourism Employment, 2006 vs. 2011



Note: This chart is based on surveyed direct jobs.

Accommodations providers were the largest employers in 2006 and 2011. Together, employment in food and beverage establishments and retail shops generated by tourism expenditure decreased in 2011 compared to 2006 by a total of 8% due to a decline in the spending of non-local visitors in the greater Kelowna area. Tourist attractions in the region, including outdoor attractions, golf, wineries, and arts and culture, employed 28% more people in 2011 compared to 2006. A comparison of the total tourism employment in Kelowna by business type (based on direct jobs) is provided in Figure 4-4.

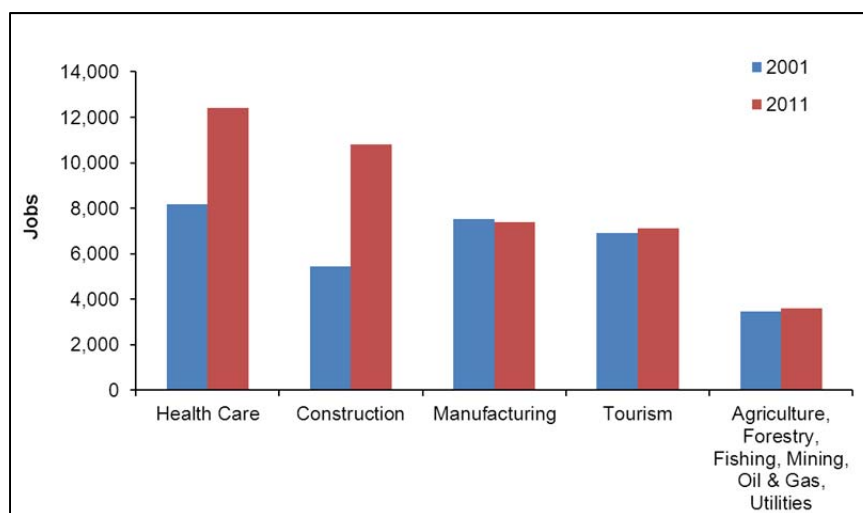
Figure 4-4: Comparison of Total Tourism Employment by Business Type (Direct Jobs), 2006 vs. 2011



Note: Transportation includes both air transportation employment related to the inbound air visitors to the area and employment generated by visitor spending on local transportation within the greater Kelowna area.

Tourism continues to be one of the largest employers in the greater Kelowna area (i.e. the Central Okanagan Regional District) in 2011 similar to 2001.³⁸ In 2001, tourism generated more jobs than construction; however, this was reversed in 2011. In 2001 and 2011, the tourism industry ranked higher than agriculture, forestry, fishing, mining, oil and gas, and utilities in terms of total number of employees. **Figure 4-5** provides a comparison of tourism employment and other industries in the area between 2001 and 2011.

Figure 4-5: Comparison of Employment in Tourism and Other Industries, 2001 vs. 2011



Sources:

- 2001: BC Stats – Community Facts, Central Okanagan Regional District (2001)
- 2011: BC Stats - Employment by Industry for the Metropolitan Areas, Kelowna Census Metropolitan Area (2010)

Notes:

- Employment figures for other industries indicated in the 2006 report were based on 2001 data for the Central Okanagan Regional District taken from BC Stats.

4.2 Comparison of Visitor Spending

Statistics Canada's *Travel Survey of Residents of Canada & International Travel Survey* estimates that in 2010, Kelowna handled in excess of 1.5 million person-visits by non-local residents. This is nearly 27% more than the total person-visits in Kelowna in 2006 (1.2 million person-visits) reported by Statistics Canada for the Kelowna Census Metropolitan Area (CMA). **Figure 4-6** summarises a comparison of total person-visits. Total visitor spending in the region decreased by approximately 3% from 2006 to 2011. Accommodation visitor spending increased by approximately 13%, while entertainment visitor spending decreased by 17% over the same period.³⁹ In 2006, total non-accommodation and non-entertainment tourism expenditure in Kelowna was assessed to amount

³⁸ Employment figures for other industries indicated in the 2006 report were based on 2001 data for the Central Okanagan Regional District taken from BC Stats.

³⁹ Accommodation visitor spending is equivalent to hotel room revenue, and is taken from BC Stats data for 2006 and 2010 for the Central Okanagan Regional District. Entertainment visitor spending is taken from Kettle Valley Research's *2006 & 2011 Visitor Survey Spending Profile*, and includes expenditure on entertainment, such as theatre tickets and admission to sports, in Kelowna.

to \$200 million per annum, while the annual non-accommodation and non-entertainment spending in 2011 was estimated to be \$180 million, including taxes, approximately 8% less than in 2006.⁴⁰ A comparison of total visitor spending per annum in Kelowna are summarised in **Figure 4-7** and **Figure 4-8**.

Figure 4-6: Comparison of Total Person Visits and Total Visitor Spending per Annum, 2006 vs. 2011

Year	Total Annual Person Visits
2006	1,193,300
2011	1,514,726
<i>% Difference</i>	<i>26.9%</i>

Source: Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey (2004 & 2010)*

Figure 4-7: Comparison of Total Visitor Spending per Annum, 2006 vs. 2011

Year	Accommodation Visitor Spending* (\$ Millions)	Entertainment Visitor Spending** (\$ Millions)	Non-Accommodation & Non-Entertainment Visitor Spending*** (\$ Millions)	Total Annual Visitor Spending**** (\$ Millions)
2006	\$72	\$18	\$198	\$288
2011	\$81	\$15	\$183	\$279
<i>% Difference</i>	<i>+12.5%</i>	<i>-16.7%</i>	<i>-7.6%</i>	<i>-3.1%</i>

Sources:

- Accommodation Visitor Spending: BC Stats, *Hotel Room Revenue Data, Central Okanagan Regional District (2006 & 2010)*
- Entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*
- Non-accommodation and Non-entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*

Notes:

* Accommodation visitor spending is equivalent to hotel room revenue. This amount includes taxes.

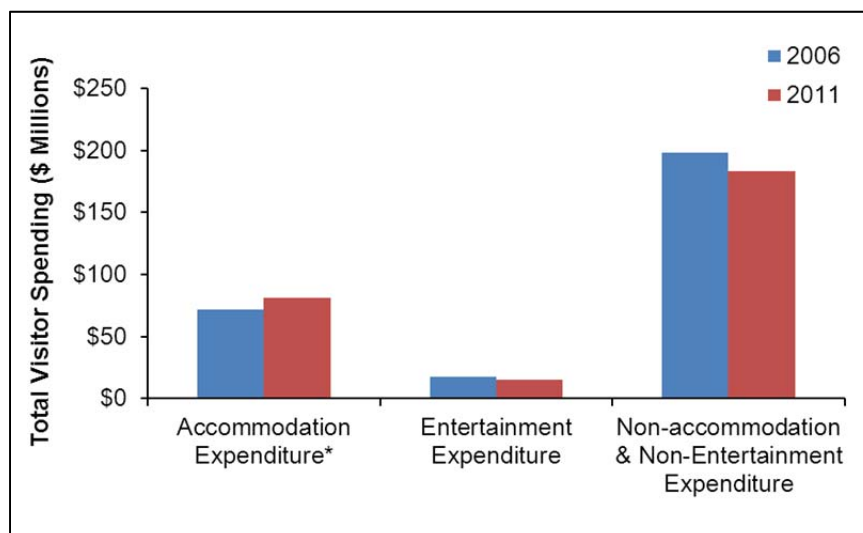
** Entertainment visitor spending includes expenditure on entertainment, such as theatre tickets and admission to sports, in Kelowna. This amount includes taxes.

*** Non-accommodation and non-entertainment visitor spending includes expenditure on retail, food & beverage and local transportation within Kelowna. This amount includes taxes.

**** Total Visitor spending for 2006 stated in the chart above is different from that in the 2006 report (\$346 million) due to revisions in the 2006 hotel room revenue data.

⁴⁰ Non-accommodation and non-entertainment visitor spending data was taken from the *2006 & 2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research. Visitor spending includes expenditure on retail, food & beverage and local transportation within the greater Kelowna area.

Figure 4-8: Comparison of Total Visitor Spending by Type of Expenditure, 2006 vs. 2011

**Sources:**

- Accommodation Visitor Spending: BC Stats, *Hotel Room Revenue Data, Central Okanagan Regional District (2006 & 2010)*
- Entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*
- Non-accommodation and Non-entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*

Notes:

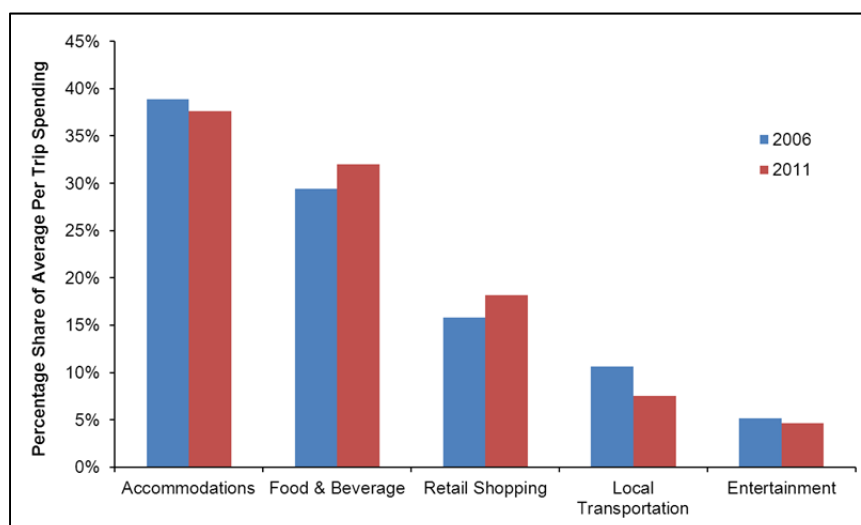
* Accommodation visitor spending is equivalent to hotel room revenue. This amount includes taxes.

** Entertainment visitor spending includes expenditure on entertainment, such as theatre tickets and admission to sports, in Kelowna. This amount includes taxes.

*** Non-accommodation and non-entertainment visitor spending includes expenditure on retail, food & beverage and local transportation within Kelowna. This amount includes taxes.

The *Visitor Survey Spending Profile* conducted by Kettle Valley Research in 2006 and 2011 provides a breakdown of tourism expenditure by four categories – accommodations, food and beverage, retail shopping, local transportation and entertainment. **Figure 4-9** provides a comparison of *percentage share* of average per trip spending per category. In 2006 and 2011, accommodations expenditure comprised the largest percentage share of visitor spending, ranging from 30%-40%, while entertainment had the smallest share at approximately 5% in both years. Non-local visitors spent a slightly higher percentage of their total spending on food and beverage in 2011 (32%) than in 2006 (29%) by three percentage points. The share of retail shopping of total visitor expenditure increased marginally over the two years by two percentage points, from 16% in 2006 to 18% in 2011. Local transportation expenses within Kelowna made up 11% of total visitor expenditure in 2006, which is three percentage points more than its share of the total expenditure in 2011 (8%).

Figure 4-9: Comparison of *Percentage Share* of Average per Trip Spending by Category, 2006 vs. 2011



Sources: 2006 and 2011 Visitor Survey Spending Profile conducted by Kettle Valley Research.

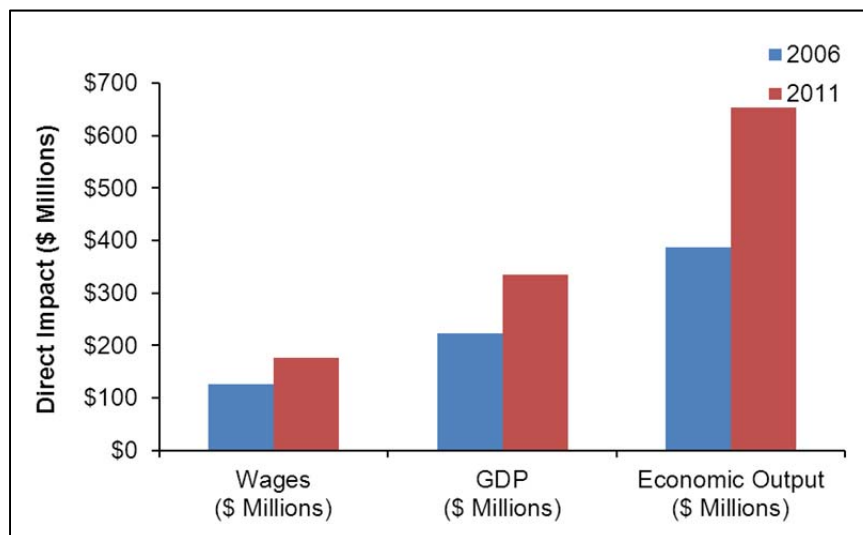
4.3 Comparison of Direct Economic Impacts (Wages, GDP and Economic Output)

Figure 4-10 and Figure 4-11 show the baseline of total *direct* economic impacts of the tourism industry in Kelowna in 2006 compared to total *direct* economic impacts estimated in 2011, in terms of wages, GDP and economic output. The total *direct* wages increased by approximately 40% in 2011 (\$180 million) compared to 2006 (\$130 million). Over the same period, the GDP and economic output contribution of the greater Kelowna area's tourism sector to the province of British Columbia also grew by approximately 50% and 69%, respectively.

Figure 4-10: Comparison of *Direct* Economic Impacts (Wages, GDP & Economic Output), 2006 vs. 2011

Type of Impact	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Total <i>Direct</i> Impacts (2006)	\$126	\$223	\$387
Total <i>Direct</i> Impacts (2011)	\$176	\$335	\$653
<i>% Difference</i>	39.7%	50.2%	68.7%

Figure 4-11: Comparison of *Direct* Economic Impacts (Wages, GDP & Economic Output), 2006 vs. 2011



4.4 Comparison of Tax Revenue Contribution

Kelowna's tourism industry remains to be an important generator of tax and other revenues for all levels of government. The total tax impact of tourism in the greater Kelowna area increased by 12% in 2011 compared to 2006, rising to a total contribution of approximately \$100 million in tax revenue from \$89 million. The federal government maintains to be the largest recipient of tax revenues in 2011 (57% of total tax revenue) paralleled to 2006 (62% of total tax revenue). The share of total tax revenue received by the provincial remained relatively constant with an increase of 1% (from 33% in 2006 to 34% in 2011), and the share received by municipal governments increased marginally over the same period from 6% to 9%, respectively. **Figure 4-12** and **Figure 4-13** summarise the tax revenue contribution by taxpayer in 2006 and 2011, while **Figure 4-14** provides a comparison of the *percentage share* of total tax revenues received by each level of government over the two periods.

Figure 4-12: Comparison of Tax Revenue Contribution by Taxpayer (\$ Millions), 2006 vs. 2011

Taxpayer	Federal		Provincial		Municipal		Total	
	2006	2011	2006	2011	2006	2011	2006	2011
Tourism Employers and Employees	\$37	\$47	\$14	\$20	\$3	\$7	\$54	\$74
Tourists	\$18	\$10	\$15	\$14	\$2	\$2	\$35	\$26
Total	\$55	\$57	\$29	\$34	\$5	\$9	\$89	\$100
<i>% Difference of Total</i>	<i>3.6%</i>		<i>17.2%</i>		<i>80.0%</i>		<i>12.4%</i>	

Figure 4-13: Comparison of Tax Revenue Contributions by Government Level, 2006 vs. 2011

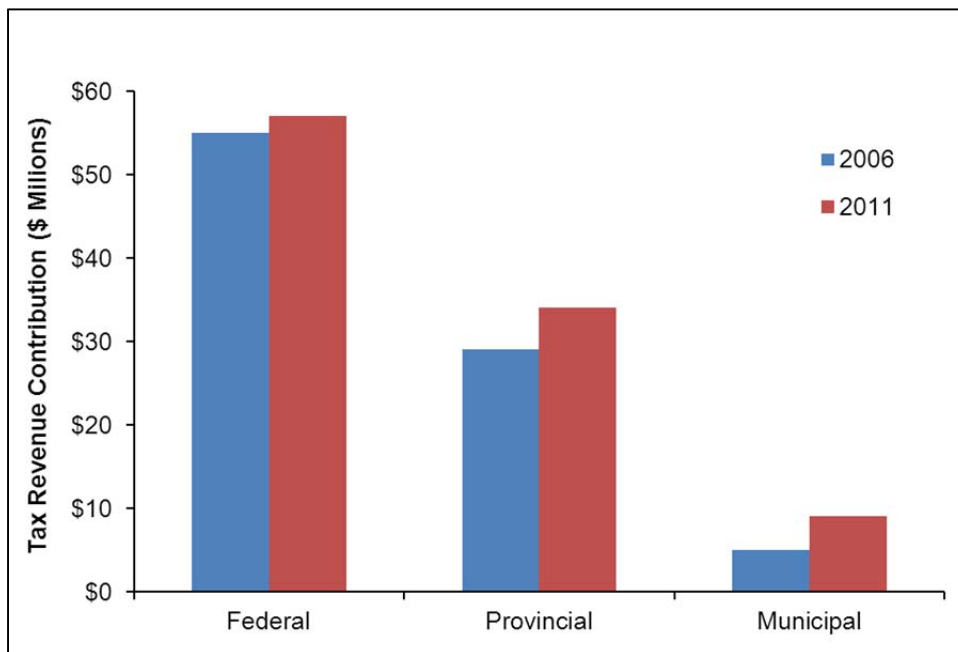
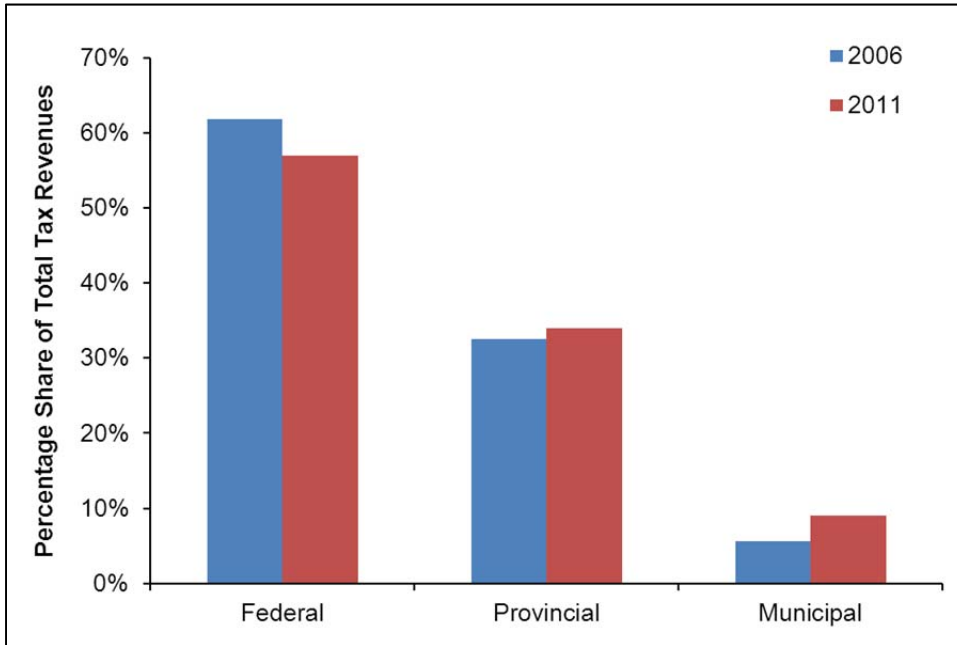


Figure 4-14: Comparison of *Percentage Share* of Tax Revenue Contributions by Government Level, 2006 vs. 2011



4.5 Comparison Summary of 2006 and 2011 Results

The changed economic conditions in recent years is also reflected in the results from the 2006 and 2011 economic impact studies of the tourism industry in the greater Kelowna area. **Figure 4-15** provides a comparison summary of 2006 and 2011 results discussed in detail above.⁴¹

Figure 4-15: Summary of Economic Impact of Tourism in Kelowna, 2006 vs. 2011

Metric	2006	2011	% Increase/Decrease
Total Person Visits	1,193,300	1,514,726	26.9%
Visitor Spending			
Accommodation Visitor Spending*	\$ 72,000,000	\$ 81,000,000	12.5%
Entertainment Visitor Spending**	\$ 18,000,000	\$ 15,000,000	-16.7%
Non-Accommodation & Non-Entertainment Visitor Spending***	\$ 198,000,000	\$ 183,000,000	-7.6%
<i>Total Visitor Spending****</i>	<i>\$ 288,000,000</i>	<i>\$ 279,000,000</i>	<i>-3.1%</i>
Employment Impacts - Number of Jobs			
<i>Direct Impacts</i>	6,687	7,072	5.8%
Employment Impacts - Number of Person Years			
<i>Direct Impacts</i>	4,964	4,968	0.1%
Wages			
<i>Direct Impacts</i>	\$ 126,000,000	\$ 176,000,000	39.7%
GDP			
<i>Direct Impacts</i>	\$ 223,000,000	\$ 335,000,000	50.2%
Economic Output			
<i>Direct Impacts</i>	\$ 387,000,000	\$ 653,000,000	68.7%
Tax Revenues			
Federal Tax Revenues	\$ 55,000,000	\$ 57,000,000	3.6%
Provincial Tax Revenues	\$ 29,000,000	\$ 34,000,000	17.2%
Municipal Tax Revenues	\$ 5,000,000	\$ 9,000,000	80.0%
<i>Total Tax Revenues</i>	<i>\$ 89,000,000</i>	<i>\$ 100,000,000</i>	<i>12.4%</i>

Sources:

- Total Person Visits: Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey, (2004 & 2010)*
- Accommodation Visitor Spending: BC Stats, *Hotel Room Revenue Data, Central Okanagan Regional District (2006 & 2010)*
- Entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2011)*
- Non-accommodation and Non-entertainment Visitor Spending: Kettle Valley Research, *Visitor Survey Spending Profile (2006 & 2010)*

Notes:

* Accommodation visitor spending is equivalent to hotel room revenue. This amount includes taxes.

** Entertainment visitor spending includes expenditure on entertainment, such as theatre tickets and admission to sports, in Kelowna. This amount includes taxes.

*** Non-accommodation and non-entertainment visitor spending includes expenditure on retail, food & beverage and local transportation within Kelowna. This amount includes taxes.

**** Total Visitor spending for 2006 stated in the chart above is different from that in the 2006 report (\$346 million) due to revisions in the 2006 hotel room revenue data.

- The results from the 2006 study used in the comparisons in this section were adjusted to match the study area examined in the 2011 study, as Silver Star Mountain Resort was included in the 2006 study area.

⁴¹ The results from the 2006 study used in the comparisons in this section were adjusted to match the study area examined in the 2011 study, as Silver Star Mountain Resort was included in the 2006 study area.

5. Summary of Economic Impact Results

Tourism is a significant industry sector for the City of Kelowna, B.C. and its surrounding area which is estimated to generate nearly 5,000 person years of direct (i.e. excluding multiplier effects) employment in 2010/2011 (approximately 7,100 jobs). The greater Kelowna area has over 4,400 rooms available in its hotels and many other types of accommodations, various tourism attractions, including numerous premiere golf courses, gorgeous beaches and abundant food, beverage and retail offerings, that attract visitors to the greater Kelowna area.

Economic Impact of Tourism in Kelowna, B.C.

In 2010, Statistics Canada estimates that Kelowna handled in excess of 1.5 million person-visits by non-local residents.⁴² According to the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research, each visitor spent an average of \$530 in the area over their entire trip. These non-local visitors are estimated to spend \$183 million in non-accommodation and non-entertainment spending in Kelowna, B.C. per annum, including taxes. The economic impacts and tax impacts of tourism activity in the greater Kelowna area is comprised of three main components, as follows:

- **Accommodations Employment Impacts.** A wide range of accommodation options are available in Kelowna to suit all needs – ranging from full-service, five-star hotels to bed and breakfast establishments. Over 4,400 rooms are offered for non-local visitors across the greater Kelowna area's accommodation providers.⁴³
- **Other Tourism Industries Employment Impacts.** Kelowna is home to a wide range of different attractions that include prestigious golf courses, globally renowned wineries, and a variety of other entertainment and attractions. The impacts reflect employment in other tourism industries, such as attractions, air transportation and other supporting businesses and organizations of the tourism sector, in the region.⁴⁴
- **Visitor Spending Impacts.** Beyond the accommodations and other tourism industry employment impacts, spending by non-local visitors in Kelowna, B.C. also contributes a significant amount of economic impact to the tourism sector in the area, amounting to \$183 million in non-accommodation and non-entertainment spending, including taxes.⁴⁵

⁴² Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey (2010)*

⁴³ Tourism Kelowna

⁴⁴ Air transportation employment related to the inbound air visitors to the area included in this section is based on the *2010 Kelowna International Airport Economic Impact Study* conducted by InterVISTAS.

⁴⁵ For the analysis of visitor non-accommodation and non-entertainment spending impacts in Kelowna, visitor spending data was taken from the *2011 Visitor Survey Spending Profile* conducted by Kettle Valley Research. Visitor spending includes expenditure on retail, food & beverage and local transportation within the greater Kelowna area.

The total *direct* impacts of the greater Kelowna area's accommodation providers, other tourism industries and visitor spending amount to nearly 5,000 *direct* person years of employment (nearly 7,100 jobs), earning close to \$180 million in wages, generating nearly \$340 in GDP and approximately \$650 in economic output. See **Figure 5-1**. Including multiplier impacts, tourism in Kelowna generates over 7,300 person years of employment (approximately 11,300 jobs), close to \$220 million in wages, \$420 million in GDP and approximately \$840 million in economic output.⁴⁶

Figure 5-1: Summary of Total Impacts of Tourism in Kelowna, B.C.

Type of Impact	Employment (Jobs)	Employment (FTEs)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
<i>Direct</i>	7,072	4,968	176	335	653
<i>Indirect*</i>	1,984	1,103	21	37	95
<i>Induced*</i>	2,223	1,255	21	44	92
<i>Total Impacts</i>	<i>11,279</i>	<i>7,326</i>	<i>218</i>	<i>416</i>	<i>840</i>

Notes:

* Does not include indirect and induced impacts for visitor spending (only for Accommodations and Other Tourism Industries) in order to avoid double-counting of impacts.

- The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

The overall tax revenue contribution to all levels of government generated by the employment impacts and visitor spending impacts of the greater Kelowna area's tourism sector is approximately \$100 million. The federal government received more than \$57 million (57% of the total), while the provincial government received nearly \$34 million in tax revenue (34% of total tax revenue). Close to \$9 million in taxes (9% of the total) is estimated to be collected by the municipal government, which includes the hotel tax and an estimate of business property taxes. The contribution of employers and employees comprised 74% of the total tax revenue (over \$74 million), while the taxes paid by non-local visitors made up 26% (more than \$26 million).⁴⁷ See **Figure 5-2**.

Figure 5-2: Annual Tax Contributions of Tourism in Kelowna, B.C. by Taxpayer (\$ Millions)

Taxpayer	Federal	Provincial	Municipal	Total
Tourism Employers and Employees	\$47	\$20	\$7	\$74
Tourists	\$10	\$14	\$2	\$26
<i>Total</i>	<i>\$57</i>	<i>\$34</i>	<i>\$9</i>	<i>\$100</i>

Notes: The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

⁴⁶ The tourism impacts generated by Big White Ski Resort are included in the employment, wages, gross domestic product and economic output impacts.

⁴⁷ The tourism impacts generated by Big White Ski Resort are included in the employment component of the tax revenue analysis.

Appendix A: Sample Survey



July 2011

To All Stakeholders of the Kelowna Tourism Industry:

Tourism Kelowna is currently undertaking a study of the economic impact of the tourism industry in Kelowna. InterVISTAS Consulting conducted a similar study previously for Tourism Kelowna in 2006.

The results of this study will provide our industry with a detailed analysis of the scope of tourism in Kelowna and the surrounding areas. The data collected will be used in tactical marketing decision-making and to raise public and government awareness of the important contribution to employment and economic activity provided by tourism-related businesses in the region.

In order to undertake this study, we need your co-operation. I would like to ask you to participate in the attached employment survey. In order to keep this initiative on time and on budget, we request that you complete this survey as soon as possible, so that InterVISTAS Consulting can compile the results without delay. The completed survey can be submitted electronically by email to celina.ramirez@intervistas.com or by faxing it to 604-717-1818.

We appreciate that some of the information requested in the survey may be of a sensitive nature to your firm. Please be assured that InterVISTAS Consulting will maintain the confidentiality of your survey response, and that the completed surveys will not be viewed by anyone other than researchers at InterVISTAS Consulting. Only the aggregate survey totals will be provided in the final report. The published document will not reveal employment figures or other data for any individual firms.

The economic impact study is under the supervision of Doris Mak, Director, Special Projects at InterVISTAS Consulting. Should you have any questions regarding the study, or completing the survey, please contact her at 1-877-717-6246 (ext. 1838) or via email at doris.mak@intervistas.com.

Thank you for your co-operation. We look forward to receiving your input into this study.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Cameron", written in a cursive style.

Nancy Cameron
President & CEO, Tourism Kelowna



The figures you provide in the following sections are strictly confidential and will be viewed only by InterVISTAS Consulting and reported only in an aggregate form. For the purposes of this study, it is important that the figures you provide are as accurate and current as possible.

When answering the questions below regarding your business, please include all related subsidiary businesses.

Please complete this survey electronically by responding directly into the form.

Name of Firm: _____

Address of Firm: _____

City: _____ Prov.: _____ Postal Code: _____

Contact Person: _____ Phone number: _____

Email: _____

Q1. Type of Industry (check one only)

Please choose the industry that best describes your business:

- Accommodations (go to Question 1A)
- Art, Culture & Entertainment
- Conference & Meeting Facilities/ Services
- Transportation Services
- Retail
- Tour Operator / Travel Agency
- Food & Beverage Services (go to Question 1B)
- Winery
- Golf Course
- Tourist Attraction (e.g., family attraction, orchards, gardens etc.)
- Outdoor Recreation, Sport and Adventure Tourism
- Tourism Trade (e.g., Destination Marketing Organizations)
- Other (please specify below): _____

Q1A. If an ACCOMMODATIONS business, how many beds are there in your facility?

_____ beds

Q1B. If a FOOD/BEVERAGE business, how many seats are there in your facility?

_____ seats

Q2. Tourism Industry Involvement – Non-Local Visitors

Please estimate the total proportion of your total business revenues that are generated by tourism by non-local visitors. For example, if you are a restaurant and approximately half of your revenues are from customers that are non-local visitors, please indicate that 50% of your business is tourism related.

Percentage of business revenues that are generated by tourism (i.e., non-local visitors):	%
---	---

Q3. Total Employment

Please state the total number of employees you have at present. This figure should include full-time, part-time and seasonal work, as well as employees working on contract.

Total Number of Employees: (as of July 2011)	
Total Annual Payroll: (approximate total excluding employee benefits)	

OR, Provide an estimate of the average annual salary per employee \$ _____

- Less than \$20,000
- Between \$20,000 and \$40,000
- Between \$40,000 and \$60,000
- Between \$60,000 and \$80,000
- Between \$80,000 and \$100,000
- More than \$100,000

Q4. Permanent and Seasonal Employees

A. Permanent Employees: A permanent employee is one who works year round. In reference to the number of total employees in Q3, how many are permanent employees and how many are full-time and how many are part-time?

Number of Full-Time <u>Permanent</u> Employees:	
Number of Part-Time <u>Permanent</u> Employees:	
Total <u>Permanent</u> Employees:	0

For part-time employees, on average, how many hours per week will they work this year?

Number of Weekly Hours:	
-------------------------	--

If it is difficult to obtain this information or if there is great variation, you may provide a range of weekly hours (i.e., less than 10 hours, 10-15 hours, etc.).

B. Seasonal Employees: A seasonal employee is one who is hired for work during peak or specific time periods only. In reference to the number of total employees in Q3, please indicate how many are seasonal full-time and part-time employees (2011)?

Number of Full-Time <u>Seasonal</u> Employees:	
Number of Part-Time <u>Seasonal</u> Employees:	
Total <u>Seasonal</u> Employees:	0



For seasonal workers, on average, how many weeks and how many hours per week will they work this year (2011)?

Number of <u>Weeks</u> Per Year:	
Number of Weekly <u>Hours</u> :	

If it is difficult to obtain this information or if there is great variation, you may provide a range of weekly hours (i.e., less than 10 hours, 10-15 hours, etc.).

The sum of the permanent and seasonal employees listed in Q4A and Q4B should equal the number of total employees in Q3.

Q5. Employment by Job Category

In order to reflect the diversity of tourism employment in Kelowna, please provide us with a breakdown of your total employees, by position.

Employment by Job Category	Number or % of Employees
Managerial / Supervisory	
Administrative / Clerical	
Accounting / Finance / Information Technology	
Marketing / Sales	
Hotel Front Desk Clerks	
Housekeeping / Janitors	
Tour / Travel Guides	
Recreation / Sports Guides and Instructors	
Cooks / Kitchen Staff	
Food Servers / Hosts / Hostesses / Bussers / Bartenders	
Retail Sales / Cashiers	
Drivers / Other Transportation	
Other (Please specify below):	



Q6. During which seasons do you operate? (check all that apply)

- Spring Summer Fall Winter

Q7. Additional Comments?

Thank you for your assistance in completing this survey.

Please return the completed survey electronically by clicking the “Submit Form” icon on the top right hand corner, or by email / fax to:

Attention: Celina Ramirez

Email: celina.ramirez@intervistas.com

Fax: 604-717-1818

If you have any questions, please call Doris Mak at 1-877-717-6246 (ext. 1838) or Celina Ramirez at 1-877-717-6246 (ext. 1845).

Appendix B: Calculation of Person Hours per Year

The following are details of calculations for the average number of hours per person year (PY).

Table C-1: Person Hours per Year

Calculation of person hours per year:	
	365 days per year
Less:	(104) weekend days
	(11) legal holidays
	(15) average vacation days
	(6) sick leave
	229 days per person year
	* 8 hours per work day
	1,832 hours per person year

Workdays vary anywhere from 6.5 to 8 hours; however, in order to be conservative, an 8 hour workday was assumed.⁴⁸ Similarly, numbers of vacation and sick leave days may also vary.

⁴⁸ Essentially, we are using a measure of paid hours per year. Using a measure of productive hours per year with 6.5 hour workdays (8 hours less 1 hour for lunch less two 15 minute work breaks) would give 1,489 hours per person year. Using this lower figure would result in inferring a greater number of person years from seasonal and part-time jobs. Using the 1,832 figure, we infer a lower number of person years.

Appendix C: Inferred Employment

This appendix describes how employment was inferred for non-responding tourism-related firms. InterVISTAS approach was to utilise information from responding firms for each type of business and use it, along with publicly available information on individual non-responding firms, to make inferences. This approach is generally deemed to be the best approach, and indeed is often used for developing the national income and products account (i.e. partial survey with inference for non-surveyed or non-responding firms based on responses of surveys received). The approach was conservative in that, unlike the national income and products account inference, we assumed that the non-responding firms were smaller than respondents.⁴⁹

The employment data in this report was constructed from a combination of two sources:

1. **Employment reported by employers on surveys.**
2. **Employment inferred for employers who did not provide a survey response.** Inferred employment was based on employment information from firms in each business type that did respond to the survey. The mean employment of respondents in each business type was calculated, excluding outliers, and then adjusted downwards. For example, especially large firms were excluded from the "mean without outliers" to obtain conservative results. This "adjusted mean" employment for each business type was then applied to the non-respondent firms.

⁴⁹ As with the national income and products account approach, we recognise and discard outliers in the survey respondents when making inferences for non-respondents.

Appendix D: Tax Revenues Attributable to Tourism Employees and Employers in Kelowna

Introduction

This appendix describes the employment and other assumptions on which tax revenues calculations are based. As well, the approaches used to estimate employer and employee contributions to local, provincial and federal governments are presented. All estimates are for the 2010 calendar year.

Some of the taxes pose conceptual questions about how much, or if any, tax revenue from a particular source should be attributed to tourism firms in Kelowna. These questions are highlighted and simplifying assumptions are put forth.

Employment Generated and Supported by Tourism Activity

The tax calculations in this report are separated into two - the tax revenue contributions of employers and employees in accommodation providers and tourism service providers; and, the contributions of visitors. This appendix focuses on the analysis of taxes paid by employers or employees.⁵⁰ The total direct employment, in person years, used for the calculations of the tax revenue paid by employers and employees is 5,158 person years. The total payroll is estimated at over \$179 million.

Personal Income Tax (Federal and Provincial)

Tax base and rates. Under the *Income Tax Act* federal income tax is paid on taxable income at a rate that increases with taxable income.

Provincial income tax was formerly calculated as a percentage of federal tax, but most provincial governments have begun collecting taxes on a sliding scale.

Estimation Method and Results

Because the tax rate is progressive, the tax paid by a group of employees depends on the distribution of income among those employees. Unfortunately, the distribution of income is not known and average incomes must be used.

Each employee is assumed to pay tax as a single tax filer. Estimated income tax payable is \$16 million in federal tax and \$5 million in provincial tax.

⁵⁰ See **Appendix E** for details on the analysis of taxes paid by non-local visitors to the greater Kelowna area.

Table D-1: Income Tax Revenues

					Average Income Tax Rates (%)		Estimated Income Tax (\$m)	
					Federal	Provincial	Federal (\$m)	Provincial (\$m)
		Person Years	Average Payroll	Payroll (\$m)				
Accommodations-B&B	68	\$	34,620.37	\$2.35	7.2%	2.3%	\$0.17	\$0.05
Accommodations-Hotel	1,344	\$	34,620.37	\$46.54	7.2%	2.3%	\$3.35	\$1.06
Art, Culture & Entertainment	61	\$	78,748.11	\$4.79	14.1%	5.0%	\$0.67	\$0.24
Conference & Meeting	4	\$	27,074.50	\$0.12	7.2%	2.3%	\$0.01	\$0.00
Golf Course	236	\$	30,119.73	\$7.12	7.2%	2.3%	\$0.51	\$0.16
Outdoor Recreation & Sports	365	\$	30,119.73	\$10.99	7.2%	2.3%	\$0.79	\$0.25
Tour Operator/Travel Agency	21	\$	13,388.37	\$0.28	0.0%	0.0%	\$0.00	\$0.00
Tourism Trade	27	\$	13,388.37	\$0.37	0.0%	0.0%	\$0.00	\$0.00
Tourist Attraction	94	\$	30,119.73	\$2.82	7.2%	2.3%	\$0.20	\$0.06
Winery	408	\$	34,620.37	\$14.13	7.2%	2.3%	\$1.02	\$0.32
Food & Beverage Services (Restaurant)	691	\$	26,253.69	\$18.15	7.2%	2.3%	\$1.31	\$0.41
Food & Beverage Services (Groceries)	392	\$	26,253.69	\$10.28	7.2%	2.3%	\$0.74	\$0.23
Retail Trade	611	\$	35,300.67	\$21.56	7.2%	2.3%	\$1.55	\$0.49
Car Rental	7	\$	56,959.19	\$0.37	10.7%	3.9%	\$0.04	\$0.01
Other Transportation	231	\$	13,388.37	\$3.10	0.0%	0.0%	\$0.00	\$0.00
YLW Airport	598	\$	61,629.89	\$36.82	14.1%	5.0%	\$5.19	\$1.85
TOTAL	5,158			\$179.79			\$15.54	\$5.16

The average tax rates used are derived from the more detailed calculations of taxes payable shown in **Table D-2**. In those calculations, assumptions have been made about income from non-employment sources, tax deductions from income (e.g. RPP and RRSP contributions), and tax credits applied against tax otherwise payable (e.g. CPP, EI and charitable contributions). Average credits are calculated from Revenue Canada, *General Income Tax Forms, 2010*.

Table D-2: British Columbia Single Tax Filer Income Tax Calculation – 2010

British Columbia Single Tax Filer Income Tax Calculation						
Income						
Employment	20,000	40,000	60,000	80,000	100,000	
Other	2,000	4,000	6,000	8,000	10,000	
TOTAL	22,000	44,000	66,000	88,000	110,000	
Deductions						
RPP	47	543	1,375	1,878	1,751	
RRSP	307	543	2,212	3,614	6,670	
Carrying Charges	53	165	343	541	859	
Union	44	218	411	492	339	
TOTAL	452	1,469	4,341	6,524	9,618	
Taxable Income	21,548	42,531	61,659	81,476	100,382	
Credits						
Basic Federal	10,382	10,382	10,382	10,382	10,382	
Basic Provincial	11,000	11,000	11,000	11,000	11,000	
CPP	525	1,359	1,592	1,716	1,677	
EI	183	469	513	551	483	
Charity	126	317	667	766	1,153	
Fed. Total	11,216	12,527	13,154	13,415	13,695	
Prov. Total	11,834	13,145	13,772	14,033	14,313	
Federal Credits	1,682	1,879	1,973	2,012	2,054	
Provincial Credits	599	665	697	710	724	
Tax Payable						
Federal - Bracket 1	3,232	6,232	6,232	6,232	6,232	
Federal - Bracket 2	0	217	4,425	8,785	9,140	
Federal - Bracket 3	0	0	0	0	4,496	
Federal Total	3,232	6,449	10,657	15,017	19,868	
Basic Federal		1,550	4,570	8,684	13,004	17,814
BC - Bracket 1	1,090	1,829	1,829	1,829	1,829	
BC - Bracket 2	0	492	1,964	2,783	2,783	
BC - Bracket 3	0	0	0	964	1,124	
BC - Bracket 4	0	0	0	0	2,136	
BC - Bracket 5	0	0	0	0	0	
BC Total	1,090	2,321	3,793	5,577	7,873	
Basic Provincial		492	1,655	3,097	4,866	7,149
TOTAL TAX PAYABLE	2,041	6,225	11,780	17,871	24,962	
Average Rate of Tax						
	9.5%	14.6%	19.1%	21.9%	24.9%	
Federal	7.2%	10.7%	14.1%	16.0%	17.7%	
Provincial	2.3%	3.9%	5.0%	6.0%	7.1%	

Corporate income tax (federal and provincial)

All corporations are liable to pay federal income tax under the *Income Tax Act*. The tax rate varies by type and size of company and by province. Provincial governments also levy a corporation income tax on any company having a permanent establishment in that province.

Estimation Method and Results

1. To calculate tax liability precisely is very difficult. It requires knowledge of the total tax base, and the proportion of the tax base attributable to the provinces. Therefore, an approximate method has been used.
2. In British Columbia, the federal corporate income tax collected per employee was \$1,600 and the provincial corporate income tax collected per employee was \$540 in 2010.
3. Assuming all companies pay tax at the average rate per employee calculated above, the 2010 corporation income tax liability of the tourism employment sector is estimated to be \$8 million toward federal revenues and \$3 million toward provincial revenues. The estimated total corporate income tax revenue is about \$13 million as shown in Table D-3.

Table D-3: Estimated Corporate Income Tax Paid by the Tourism Industry

Government	Revenue (\$ Millions)
Federal	8.45
Provincial	2.78
<i>Total</i>	<i>11.23</i>

Employment Insurance premiums

Tax base and rates. In 2010, employees in Canada paid employment insurance (EI) premiums equal to 1.73% of earnings up to a maximum of \$747 per year. (Maximum insurable earnings are \$43,200). Employers paid EI premiums equal to 1.4 times employee premiums.

Estimation Method and Results

The employee premium rate is applied to total payroll costs for employees earning less than \$43,200 per year. The maximum contribution was used for employees earning more than \$43,200 per year. Estimated employee payments were approximately \$3 million in 2010.

The employer rate is applied to the employee payments. Estimated employer payments were approximately \$4 in 2010.

Canada Pension Plan contributions

Tax base and rates. In 2010, employee contributions for the Canada Pension Plan (CPP) were 4.95% of pensionable earnings. Pensionable earnings are actual earnings less \$3,500, to a maximum of \$47,200. The maximum annual employee contribution is \$2,200. The employer contribution is the same as the employee contribution.

Estimation Method and Results

The employee contribution rate is applied to average payroll for employees earning less than \$47,200 a year. The maximum contribution was used for employment earning more than the maximum pensionable earnings.

Estimated employer and employee contributions are over \$8 million each, for a total of more than \$16 million.

Workers' Compensation Board contributions

Tax base and rates. Employers in each province are required to make contributions to the Workers' Compensation Board to help offset the cost of on-the-job injuries. Employers are classified into industry groups. The contribution rate for each group is based on the injury costs associated with all companies in that group.⁵¹ The group contribution rate varies widely among industries and provinces. Some major companies are not included in the general "rateable" method of contribution but simply pay the actual cost of their claims plus an allowance for WCB administration costs. As it is not generally known which firms contribute in this manner, nor the value of their claims, an estimate based on reported payroll has been made for all firms.

Conceptual issues. It is possible that some companies are self-insured and their payments could be viewed as a business expense rather than a tax. However, we have chosen to include their contribution because they are required to be part of this government-mandated program.

Estimation Method and Results

The contribution rates for each employment classification at the airport have been applied to the total payroll for that group. Tourism firms' employees paid an estimated \$2 million to Worker's Compensation in 2010.

Medical Services Plan premiums

Tax base and rates. Medical Services Plan (MSP) premiums for British Columbia in 2010 were:

Single	- \$57 per month
Family of two	- \$102 per month
Family of three or more	-\$114 per month

Conceptual issue. Premiums must be paid by any person registered with the Plan, whether they are employed or not.⁵² Therefore, premiums are not directly related to employment. Nevertheless, many employers pay premiums on behalf of their employees. Therefore, premiums are included as a tax contribution.

Estimation Method and Results

Many employees may be covered by premiums paid by or on behalf of a spouse. Therefore, an employee may not need the coverage offered by an employer. For any group of employees it is difficult to know how many have coverage through a spouse. Therefore, we have assumed that all employees are covered as a result of employment, but that the premium required is only the rate for single persons.

Total employment of 5,158 person years at \$684 per employed person annually (\$57 x 12 months) equals a total contribution of nearly \$4 million.

⁵¹ Subject to Experience Rating Adjustment for individual companies.

⁵² Low income persons may qualify for premium assistance.

Property Tax Estimates of Businesses Related to Tourism in Kelowna

Local governments levy property taxes to help them finance local services. Rates for various categories of property (e.g., residential, business, industry, recreation, etc.) are applied to the assessed value of a particular property, as determined by BC Assessment. Rates vary by category and are determined by individual local governments. Property taxes also include some taxes which are collected on behalf of the provincial government, such as school taxes.

Estimation Method and Results

1. Property tax levies or collected by the City of Kelowna, District of Peachland, District of Lake Country and rural area in the Central Okanagan for each classification (e.g., residential, business, industry, recreation, etc.) and for each allocation category (e.g., School Levy for the province and Municipal Finance Authority for the municipality) for 2009/10 were used.
2. Tourism-related property taxes were estimated using the percentage of tourism employment out of total jobs based on Statistics Canada Labour Force data and Census associated with the business and recreational property classifications.
3. Tourism-related businesses paid approximately \$8 million in property taxes to the municipalities in 2010, and approximately \$7 million in property taxes to the provincial government.

Table D-4: Estimated Property Taxes Paid

	Provincial (\$ Millions)	Municipal (\$ Millions)	Total (\$ Millions)
Kelowna	\$6.7	\$7.8	\$14.5

Appendix E: Tax Revenues Attributable to Non-local Visitor Spending in Kelowna

Introduction

This appendix describes the visitor spending and other assumptions on which tax revenues calculations are based. As well, the approaches used to estimate non-local visitor contributions to local, provincial and federal governments are presented. Tax revenues paid by visitors are based on 2011 non-local visitor spending information.

Some of the taxes pose conceptual questions about how much, or if any, tax revenue from a particular source should be attributed to tourism in Kelowna. These questions are highlighted and simplifying assumptions are put forth.

Spending Generated and Supported by Tourism Activity

The tax calculations in this report are separated into two - the tax revenue contributions of employers and employees in accommodation providers and tourism service providers; and, the contributions of visitors. This appendix focuses on the analysis of taxes paid by non-local visitors to the greater Kelowna area.⁵³ Visitors to Kelowna contribute to tax revenues through consumption taxes levied on items such as accommodations, food & beverage, retail, transportation and tours/attractions. The contributions of visitors are calculated based on visitor spending data estimated from Kettle Valley Research's *2011 Visitor Survey Spending Profile*. In this study, it is estimated that Kelowna handles more than 1.5 million person-visits and non-local visitors are estimated to spend more than \$307 million in Kelowna, B.C. each year.⁵⁴

Tax on Accommodation Costs

Tax base and rates. The Harmonized Sales Tax (HST) rate of 12% (includes 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST)) applies to accommodation costs by non-local visitors to Kelowna, B.C. staying in hotels.

In addition, according to the Hotel Association of Canada, a hotel tax of 2% is also levied on accommodation expenditure in in specified areas on behalf of local tourism organisations. Kelowna is one of those municipalities that charge the additional 2% tax.

⁵³ See **Appendix D** for details on the analysis of taxes paid by employees and employers of tourism-related firms in the greater Kelowna area.

⁵⁴ Statistics Canada, *Travel Survey of Residents of Canada & International Travel Survey (2010)*

Estimation Method and Results

1. Based on the BC Stats hotel room revenue data for the year 2010 for Central Okanagan Regional District, total accommodation expenditures were more than \$69 million (excluding taxes).
2. Applying the 5% GST to the total accommodations expenditure totalled \$3.5 million.
3. Applying the 7% PST to the total accommodations expenditure totalled \$4.8 million.
4. Applying the 2% local hotel tax to the total accommodations expenditure totalled \$1.4 million.

Table E-1: Estimated Hotel Taxes Paid

	GST (\$ Millions)	Provincial Hotel Tax (\$ Millions)	Local Hotel Tax (\$ Millions)	Total (\$ Millions)
Kelowna	3.5	4.9	1.4	9.7

Note: Total may not add up due to rounding.

Tax on Retail Spending

Tax Base and Rates. The Harmonized Sales Tax (HST) rate of 12% (includes 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST)) applies to most retail purchases by non-local visitors to Kelowna, B.C. Some products are exempt from the PST including children's clothing and books. Basic grocery purchases are also exempt from the HST (GST and PST).

Simplifying Assumptions

1. Because some goods are exempt from the PST, it was assumed that only 75% of retail purchases would include the PST.

Estimation Method and Results

1. Based on the *2011 Visitor Survey Spending Profile*, average spending on retail purchases was estimated at \$17 per day for visitors, *including taxes*.
2. GST on retail receipts totalled to \$2.6 million.
3. Assuming that 25% of retail purchases would be exempt from the PST, this results in total PST of \$2.8 million in revenue for the provincial government.

Table E-2: Estimated Taxes Paid on Retail Spending

	GST (\$ Millions)	PST (\$ Millions)	Total (\$ Millions)
Kelowna	2.6	2.8	5.4

Tax on Food and Beverage Spending

Tax base and rates. The Harmonized Sales Tax (HST) rate of 12% (includes 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST)) applies to all food and beverage purchases made at restaurants and bars in B.C. The HST (GST and PST) would not be charged on the majority of grocery items.

Simplifying Assumptions

1. In order to remove gratuities from the total, it was assumed that on average, gratuities were 15%.
2. It was assumed that 0% GST applied to grocery purchases.

Estimation Method and Results

1. Based on the *2011 Visitor Survey Spending Profile*, average spending on food & beverage, including restaurants, bars, groceries, etc., made during a trip was estimated at nearly \$31 per day, *including* taxes and gratuities.
2. Total food & beverage spending for same day versus overnight visits was allocated between grocery purchases and restaurants based on expenditures of visitors to B.C. in 2010 from Statistics Canada's *Canadian Travel Survey Domestic Travel*.
3. Total restaurant spending was scaled down by 15% to remove tips.
4. GST from food and beverage expenditure totalled \$2.8 million.
5. PST from food and beverage expenditure totalled \$3.9 million.

Table E-3: Estimated Taxes Paid on Food & Beverage Spending

	GST (\$ Millions)	PST (\$ Millions)	Total (\$ Millions)
Kelowna	2.8	3.9	6.7

Tax on Entertainment, Attractions, Outdoor Activities and Tours

Tax base and rates. The Harmonized Sales Tax (HST) rate of 12% (includes 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST)) is charged on entrance fees for attractions, outdoor activities and tours.

Estimation Method and Results

1. Based on the *2011 Visitor Survey Spending Profile*, average spending on entertainment, such as theatre tickets, admission to sports events or attractions etc., was estimated at \$4.4 per day for visitors, *including taxes*.
2. Applying the 5% GST to entertainment expenditure by all visitors results in approximately \$0.7 million in tax revenue.
3. Applying the 7% PST to entertainment expenditure by all visitors results in nearly \$1 million in tax revenue.

Table E-4: Estimated Taxes Paid on Attractions, Activities & Tours Spending

	GST (\$ Millions)	PST (\$ Millions)	Total (\$ Millions)
Kelowna	0.7	1.0	1.7

Tax on Ground Transportation and Car Rentals

Tax base and rates. The Harmonized Sales Tax (HST) rate of 12% (includes 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST)) applies to taxi and limousine, as well as to car rentals.

Conceptual issues. Transportation spending by Canadian resident visitors to the province is available at a detailed level, including vehicle rental, vehicle operation, local transportation and intercity transportation (bus, air, etc.) in Statistic Canada's *Canadian Travel Survey Domestic Travel 2010*. However, U.S. and international transportation expenditure data is only available in total.

Simplifying Assumptions

1. For U.S. and international visitors, it was assumed that 50% of transportation spending was on car rentals.

Estimation Method and Results

1. Based on the *2011 Visitor Survey Spending Profile*, average spending on local transportation, such as rental car, taxis, etc. (within the greater Kelowna area only) was estimated at \$7 per day for visitors, including taxes.
2. Total Canadian resident visitors' local transportation spending including car rental was based on expenditures of visitors to B.C. in 2010 from Statistics Canada's *Canadian Travel Survey Domestic Travel*, with intercity transportation spending removed.
3. GST on car rental expenditures totalled to \$0.2 million and GST on other transportation (e.g., taxi) totalled close to \$1 million in GST.
4. PST on car rental expenditures totalled to \$0.2 million and PST on other transportation (e.g., taxi) totalled over \$1 million in PST.

Table E-5: Estimated Taxes Paid on Transportation Spending

	GST on Car Rentals (\$ Millions)	GST on Other Transportation (\$ Millions)	PST on Car Rentals (\$ Millions)	PST on Other Transportation (\$ Millions)	Total (\$ Millions)
Kelowna	0.17	0.95	0.23	1.31	2.67

Appendix F: Glossary of Terms

Direct Employment: Direct employment is employment that can be directly attributable to the operations in an industry, firm, etc. It is literally a head count of those people who work in a sector of the economy.

Economic Activity: (also Output, Production) The end product of transforming inputs into goods. The end product does not necessarily have to be a tangible good (for example, knowledge), nor does it have to create utility (for example, pollution). Or, more generally, the process of transforming the factors of production into goods and services desired for consumption.

Employment Impact: Employment impact analysis determines the economic impact of employment in terms of jobs created and salaries and wages paid out. In the case of tourism in Kelowna, the direct, indirect, induced and total number of jobs or person years created by tourism in Kelowna is examined to produce a snapshot of tourism operations.

Full Time Equivalent (FTE): (also Person Year) One full time equivalent (FTE) year of employment is equivalent to the number of hours that an individual would work on a full time basis for one year. In this study we have calculated one full time equivalent year to be equivalent to 1,832 hours. Full time equivalent years are useful because part time and seasonal workers do not account for one full time job.⁵⁵

GDP: (also value-added) A measure of the money value of final goods and services produced as a result of economic activity in the nation. This measure is net of the value of intermediate goods and services used up to produce the final goods and services.

Indirect Employment: Indirect employment is employment which results because of direct employment. For the tourism, it would include that portion of employment in supplier industries which are dependent on sales to the tourism sector. In some cases, contract work would be considered indirect employment.

Induced Employment: Induced employment is employment created because of expenditures by direct and indirect employees.

Multiplier Analysis: Analysis using economic multipliers in which indirect and induced economic impacts is quantified. Essentially, a multiplier number is applied to the "directly traceable economic impact" to produce indirect and total effects (see Multiplier.)

Multiplier: Economic multipliers are used to infer indirect and induced effects from a particular sector of the economy. They come in a variety of forms and differ in definition and application. A multiplier is a number which would be multiplied by direct effects in order to calculate indirect or induced effects. In the case of tourism, as in many other cases, multipliers can lead to illusory results, and thus must be used with great care.

⁵⁵ *The Dictionary of Modern Economics*, David W. Pearce, General Editor, The MIT Press, Cambridge Mass., 1984

Output: (also Economic Activity, Production) The end product of transforming inputs into goods. The end product does not necessarily have to be a tangible good (for example, knowledge), nor does it have to create utility (for example, pollution). Or, more generally, it is defined as the process of transforming the factors of production into goods and services desired for consumption.

Value-Added: (also GDP) A measure of the money value of final goods and services produced as a result of economic activity in the nation. This measure is net of the value of intermediate goods and services used up to produce the final goods and services.



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