

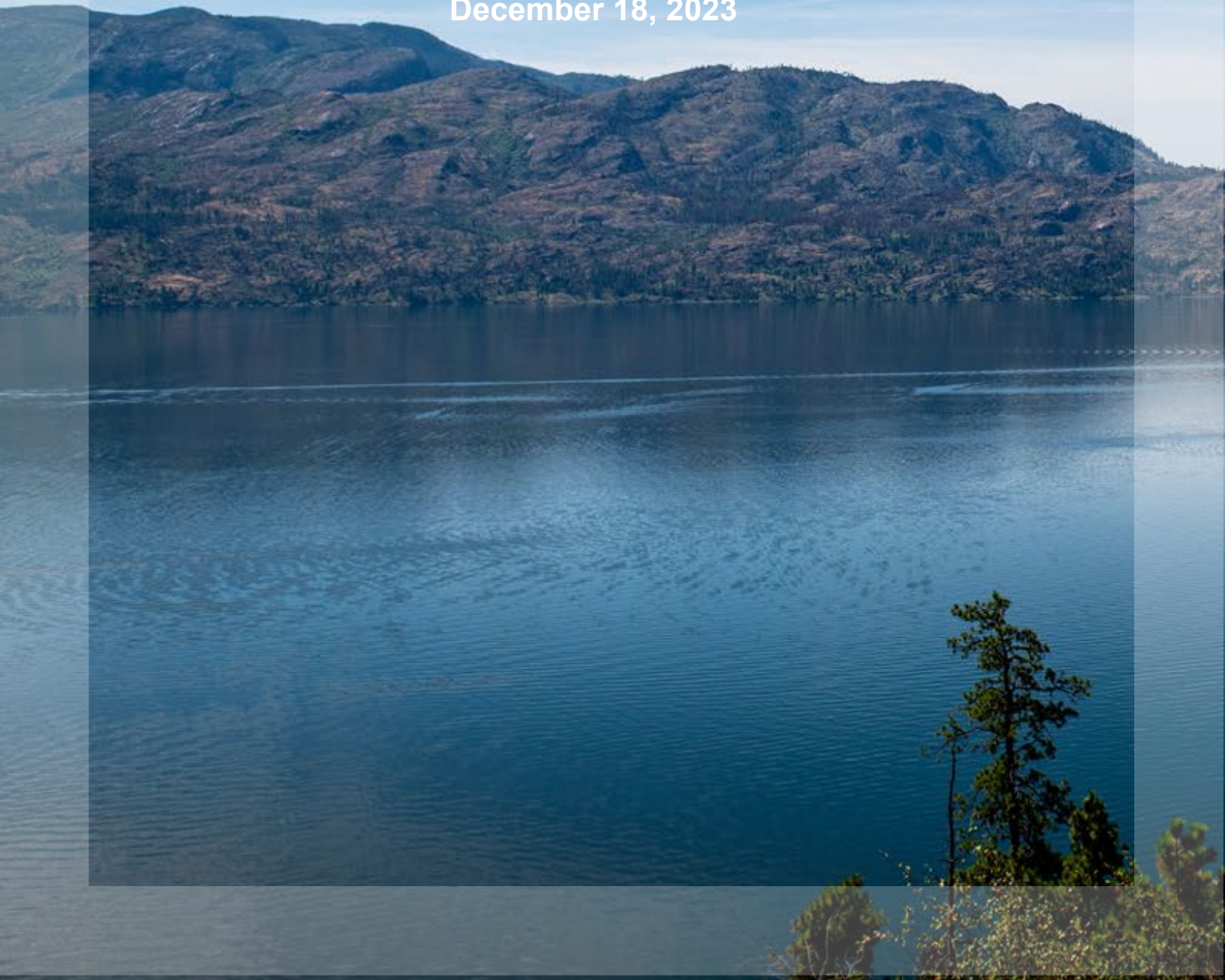
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# **2022 Economic Impact of Tourism in the Greater Kelowna Area**

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Prepared for Tourism Kelowna

**FINAL REPORT of  
December 18, 2023**



## Executive Summary

Tourists visiting the City of Kelowna and the surrounding region support economic growth and development.<sup>1</sup> Through the operations and activities of different businesses that sell goods and services to non-local visitors, tourism contributes directly to local employment and the regional economy. The greater Kelowna area features an extensive range of outdoor attractions, recreation, arts, and entertainment to its visitors year-round. The region's tourism industry makes significant economic contributions to the local economy, the Province of British Columbia, and beyond.

This report assesses the economic impact of tourism in the greater Kelowna area in 2022. This study builds upon the visitor intercept survey undertaken by InterVISTAS on behalf of Tourism Kelowna in the Summer, Fall and Winter 2022 seasons, as well as Spring 2023. The employment survey was conducted during Spring 2023, and visitor volumes for 2022 were provided by Tourism Kelowna sourced from Kelowna Census Subdivision visitor highlights by Telus Insights.

### What Is Economic Impact?

*Economic impact* is a measure of the spending and employment associated with a sector of the economy (e.g., tourism), a specific project, or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with the activities of Kelowna's tourism sector, which include accommodations, food/beverage and retail, local attractions, and transportation providers.

Economic impact can be measured in several ways:

- Employment (Jobs);
- Wages;
- Gross Domestic Product (GDP); and
- Economic output.

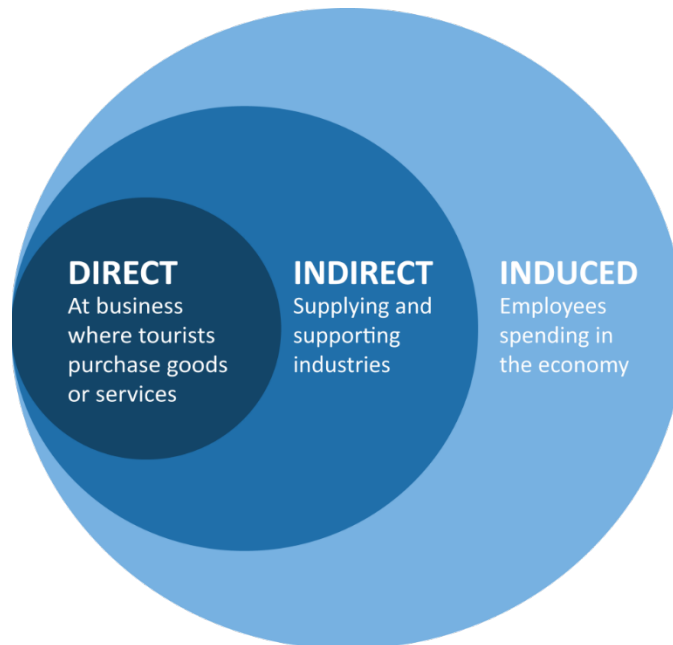


***The economic impact of tourism in the Kelowna area in 2022 includes 8,750 direct jobs, generating \$719 million in direct GDP.***

<sup>1</sup> The greater Kelowna area is also referred to as the Central Okanagan Regional District and comprises the urban and rural municipalities and Westbank First Nations. Big White Ski Resort, which is located outside of the Central Okanagan Regional District, is included in the analysis.

The three major components of economic impact are classified as *direct*, *indirect*, and *induced impacts* – which capture how the economic impact of Kelowna’s tourism industry can spread throughout the entire economy. **Figure ES-1** illustrates the various elements that account for the economic impact of Kelowna’s tourism industry.

**Figure ES-1: Economic Impact Overview of the Tourism Industry**



## 2022 Economic Impact

In 2022, an estimated 1.4 million same day visitors travelled to Kelowna, and more than 2.8 million visitors stayed a minimum of one night.<sup>2</sup> The majority of visitors (80%) are from Canada (of which 47% are BC residents and the remainder from other provinces), 14% of visitors are from overseas origins and 6% are from the U.S. In 2022, visitors spent an estimated \$540 million in total tourism expenditures in the region, including accommodations, activities, and entertainment.<sup>3</sup>

<sup>2</sup> Total number of visitors (e.g., visitor trips) is based on data provided by Tourism Kelowna via Telus Insights data for visitation in 2022, while other visitor characteristics are based on the 2022/23 Tourism Kelowna Visitor Intercept Study completed by InterVISTAS Consulting. We note these figures include all visitor trips, and do not reflect unique visitation counts (e.g., unique visitors may visit Kelowna multiple times annually).

<sup>3</sup> Total tourism expenditures are based on visitor spending averages from InterVISTAS' Visitor Intercept Survey, room revenues by municipal jurisdiction from BC Stats and Ministry of Finance, and data provided by Tourism Kelowna on Kelowna Census Subdivision visitor highlights.



*Direct* economic impact facilitated by visitor activities in the region includes employment from organizations such as accommodations providers, restaurants, retail, ground transportation (e.g., transit/taxi/car rental), and other related industries where visitors to the greater Kelowna area spend their money. As other sectors of the economy are dependent on and further stimulated by activities of the direct impacts, *indirect* and *induced* impacts are multiplier impacts in the wider economy stimulated by the tourism related activities. This includes industries that supply or provide services to the primary tourism related businesses (e.g. a food wholesaler who supplies food to Kelowna area restaurants that serve tourists), and spending by individuals employed both directly and indirectly by businesses related to the tourism industry. *Total* impacts are calculated by adding together the direct, indirect, and induced impacts.

### 2022 Economic Impact of Kelowna's Tourism Sector

#### Direct Impact:

- \$540 million in visitor spending
- 8,750 jobs
- \$373 million in wages
- \$719 million in gross domestic product (GDP)
- \$1.6 billion in economic output

## Direct Economic Impact

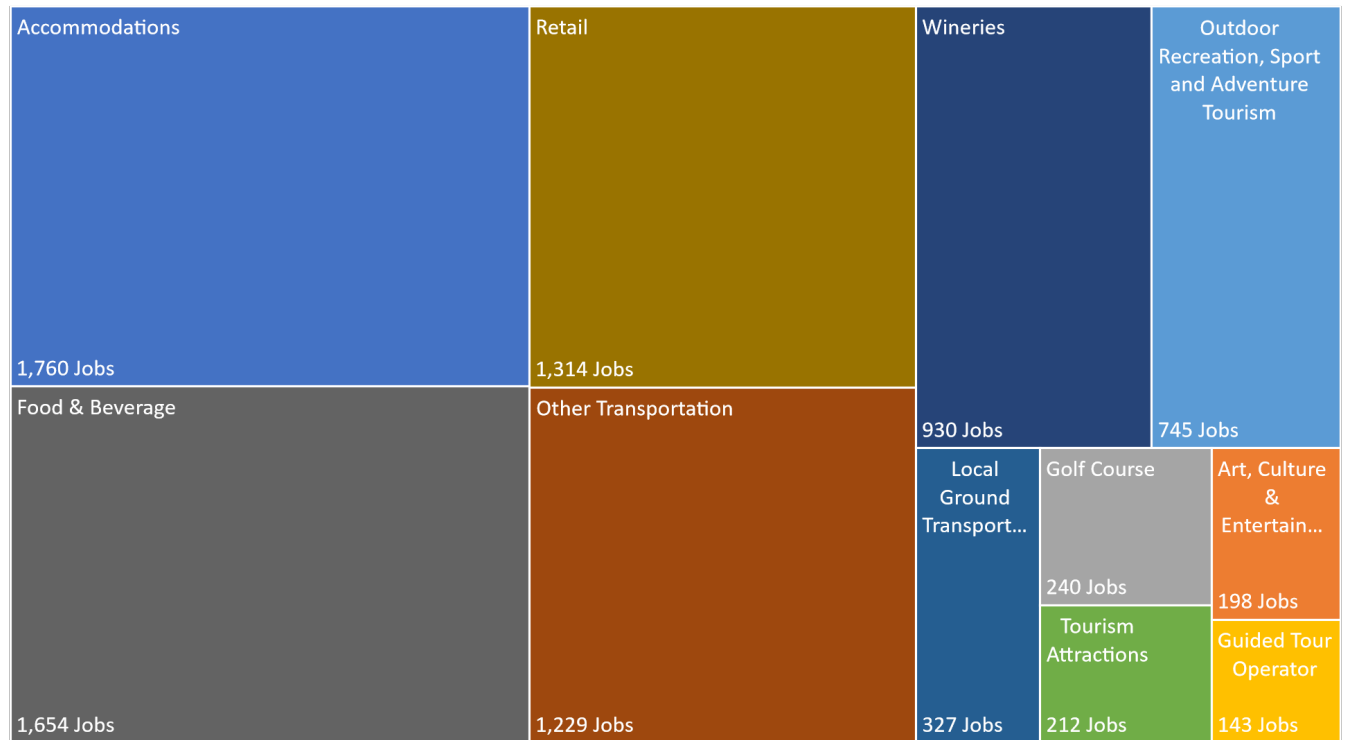
In 2022, visitor activities in Kelowna directly supported approximately 8,750 jobs,<sup>4</sup> earning \$373 million in direct wages and salaries. Direct employment generated approximately \$719 million in direct GDP and approximately \$1.6 billion in direct economic output in the province. Accommodations providers (comprising of over 70 properties) and other tourism related businesses (such as outdoor attractions, wineries, and arts, culture, and entertainment) accounted for 42% of the total direct tourism related employment in Kelowna, equal to approximately 3,700 jobs. Tourists in the region spent an estimated \$391 million on shopping/retail, food and beverage, and local transportation (including taxis and car rental) in 2022, supporting nearly 3,300 jobs.<sup>5</sup>

A wide range of businesses are supported by Kelowna's tourism industry. The largest sector in 2022 was accommodations, followed by food and beverage. A breakdown of the amount of direct tourism related jobs in Kelowna, by business type, is shown in **Figure ES-2**. Tourism is an integral sector that supports other industries to be present, and to grow and thrive beyond the local market. Tourism connects visitors to locals and can be a catalyst for growth in other industries and economic development.

<sup>4</sup> Jobs include those who are employed on a full-time, part-time and seasonal basis.

<sup>5</sup> According to InterVISTAS' 2022/2023 Visitor Intercept Survey, the average estimated visitor expenditure in Kelowna is \$476 per person per trip when including amounts spent on paid accommodation, attractions, and outdoor recreation. The visitor spending analysis in this report does not include amounts spent on accommodation, attractions, and outdoor recreation as the economic impact of those industries were analysed based on the employment survey. Based on survey results, the average expenditure per visitor per trip on food/beverage, retail, and local ground transportation was \$299 in 2022. With over 4.2 million visitors (overnight and same day visitors) to the region in 2022, based on data provided by Tourism Kelowna sourced from Telus Insights on Kelowna Census Subdivision visitor highlights, the total visitor spending amounted to over \$540 million.

**Figure ES-2:**  
**2022 Tourism Related Direct Employment in Kelowna, with the Percentage Share of Each Business Type, Based on 8,750 Direct Jobs of Employment**



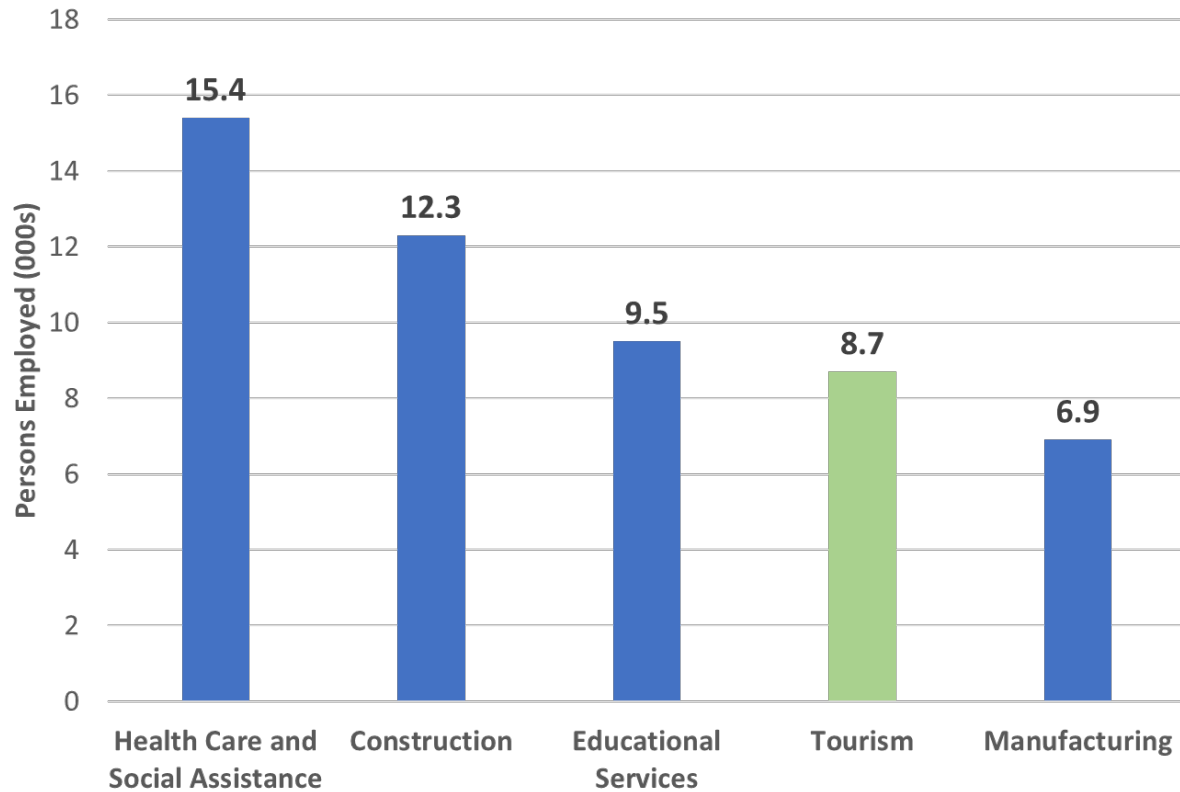
**Note:**

\* Other employment includes tourism related employment at Kelowna International Airport.<sup>6</sup>

<sup>6</sup> Air transportation employment related to the inbound air visitors to the area included in this section is based on the *2015 Kelowna International Airport Economic Impact Study* conducted by SNC Lavalin.

**Figure 4-3** shows the relative size of Kelowna's tourism industry in comparison to other sectors of Kelowna's economy in 2022. With an estimated 8,750 direct jobs, Kelowna's tourism industry employed more people than the city's manufacturing industries.

**Figure ES-3: Employment in Tourism versus Other Industries in Kelowna, 2022**







**Note:** Total direct tourism jobs shown, as per **Figure 4-1**.

**Source:** Statistics Canada. Table 14-10-0384-01 Employment by industry, annual, census metropolitan areas (x 1,000), Kelowna, British Columbia, 2022.

## Total Economic Impact of Tourism in Kelowna

Including indirect and induced multiplier impacts, the economic impact of tourism in Kelowna in the Province of British Columbia was estimated to be a total of approximately 12,630 jobs in 2022. The total earnings of all employment amounted to \$598 million in wages and salaries. Furthermore, visitor activities in the region contributed an estimated \$1.2 billion and \$2.4 billion in total GDP and total economic output to the provincial economy, respectively. The total economic impacts of Kelowna's tourism sector in 2022 are summarized in **Figure ES-3**.

**Figure ES-3: Total Economic Impact of Tourism in Kelowna, 2022**

				
Component	Employment Jobs	Wages (\$ Millions)	Value-Added GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	1,760	74	149	257
Other Tourism Related*	3,700	193	425	1,065
Visitor Spending**	3,290	106	146	273
<b>Total Direct</b>	<b>8,750</b>	<b>373</b>	<b>719</b>	<b>1,595</b>
<b>Indirect***</b>	<b>2,420</b>	<b>147</b>	<b>252</b>	<b>478</b>
<b>Induced***</b>	<b>1,460</b>	<b>77</b>	<b>193</b>	<b>297</b>
<b>Grand Total --</b>	<b>12,630</b>	<b>598</b>	<b>1,163</b>	<b>2,370</b>

**Notes:**

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

\*\* An estimated 3,290 jobs are associated with visitor spending that takes place in the Kelowna area. The level of visitor spending is based on the 2022 Visitor Intercept Survey conducted by InterVISTAS, and includes expenditure on retail, food & beverage, and local transportation.

\*\*\* Does not include indirect and induced impacts for visitor spending (only for Accommodations and Other Tourism Industries) to mitigate the possibility of double-counting of impacts.

-- Figures may not sum to totals due to rounding.

## 2022 Tax Impacts of Kelowna's Tourism Industry

Tourism in Kelowna is also an important generator of taxation revenues to all levels of government. Total taxes paid by tourists, employers, and employees in Kelowna's tourism industry in 2022 are estimated at \$226 million.

In 2022, tourism related employees and employers contributed a total of \$173 million in government revenues, accounting for 77% of total tax contributions. The remaining 23% of taxation revenues (equal to \$53 million) was generated by sales taxes and other local taxes levied on expenditures made by tourists on accommodations, retail, food and beverage, entertainment, and local transportation. **Figure ES-4** provides a summary of 2022 tax contributions by taxpayer.

The majority of taxes collected (62%) accrued to the federal government at \$141 million. The provincial government received an estimated \$67 million in tax revenues (30% of total). Municipal governments also benefit from Kelowna's tourism industry through the collection of business and residential property taxes and the Municipal and Regional District Tax (MRDT), estimated at approximately \$19 million, in total as shown in **Figure ES-4**.

### *2022 Tax Impacts of Kelowna's Tourism Industry*

#### **Federal Government:**

- \$141 million (62% of total)

#### **Provincial Government:**

- \$67 million (30% of total)

#### **Municipal Government:**

- \$19 million (8% of total)

**Total Taxes → \$226 million**

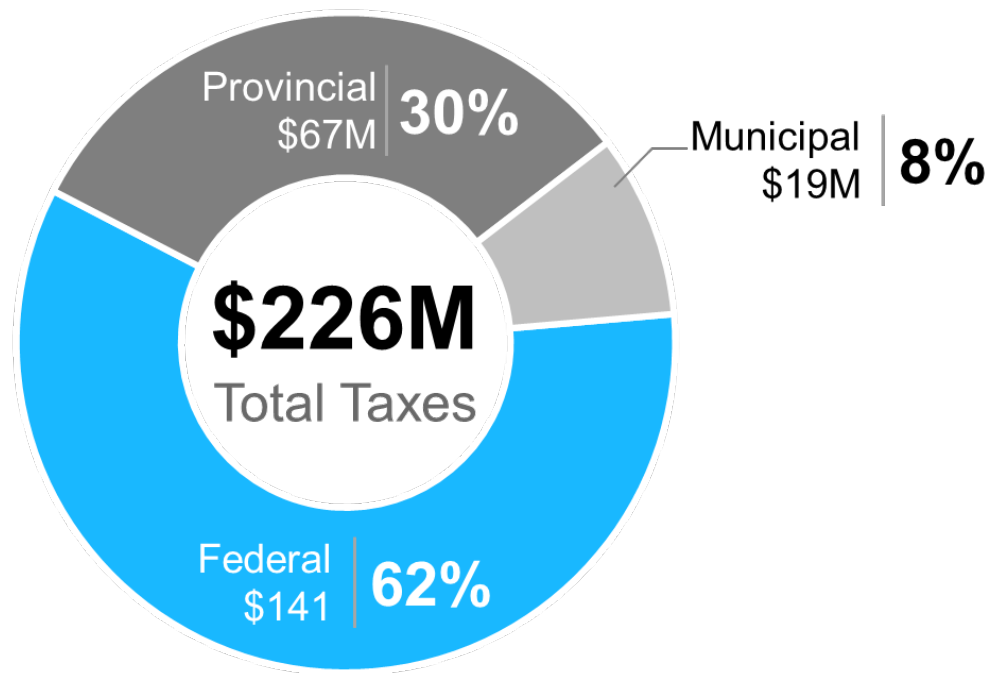
**Figure ES-4: 2022 Tax Contributions of Tourism in Kelowna, by Taxpayer (\$ millions)**

Taxpayer	Federal	Provincial	Municipal	Total
Tourism Employees and Employers	\$119	\$38	\$16	\$173
Tourists	\$22	\$28	\$3	\$53
<b>Total</b>	<b>\$141</b>	<b>\$67</b>	<b>\$19</b>	<b>\$226</b>

**Note:** Figures may not sum to totals due to rounding.



Figure ES-5: Estimated Tax Revenues of Kelowna's Tourism Industry, by Level of Government, 2022



**Note:** Figures may not sum to totals due to rounding.

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# 1 Introduction

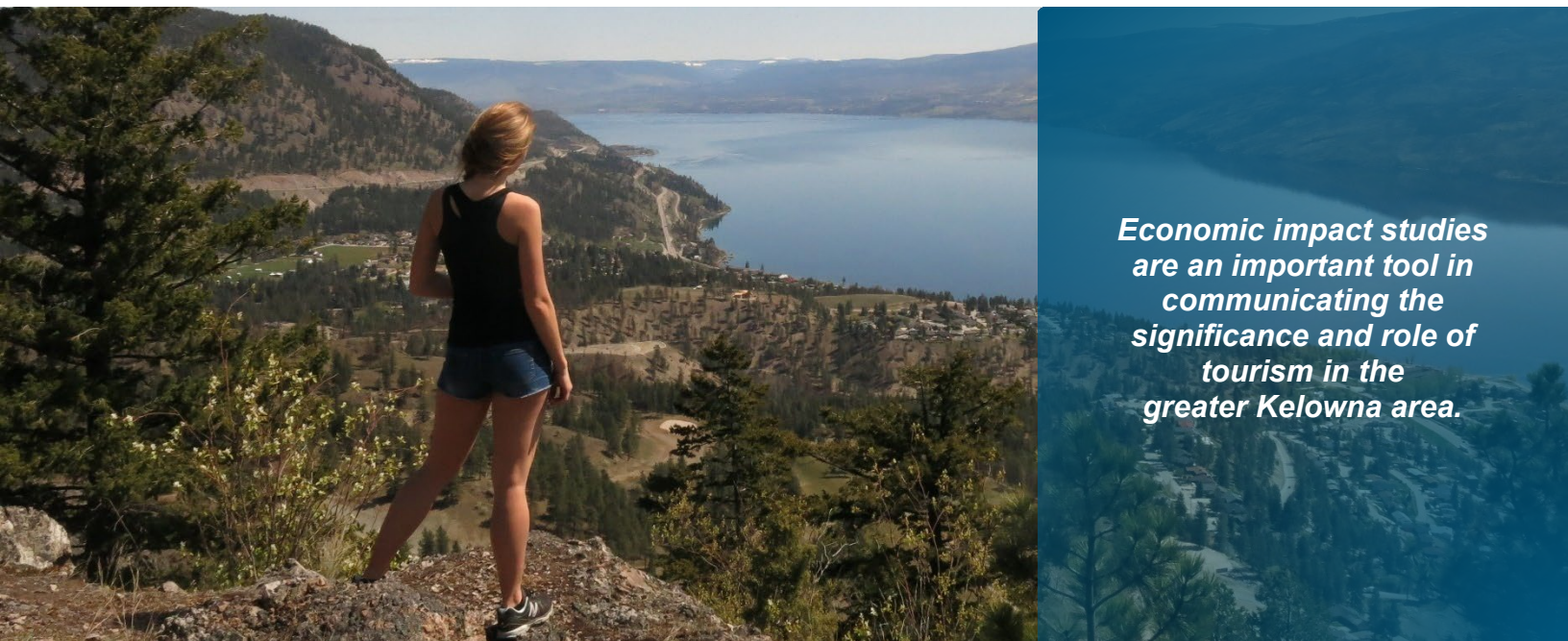
Tourism Kelowna commissioned InterVISTAS Consulting Inc (InterVISTAS) to undertake an economic impact assessment of Kelowna's tourism industry in 2022. This study builds upon the visitor intercept survey undertaken by InterVISTAS on behalf of Tourism Kelowna in the Summer, Fall, and Winter seasons of 2022, as well as the Spring season of 2023. Visitor volumes to Kelowna for 2022 were provided by Tourism Kelowna sourced from data prepared by Telus Insights.

The study helps communicate the important economic role that tourism plays in the City of Kelowna and its surrounding municipalities and areas.<sup>7</sup> Tourism contributes directly to employment and economic growth in the region through the operations and activities of different firms that serve tourists. Tourism is a significant economic generator to the local economy, the Province of British Columbia, and beyond.

## 1.1 The Kelowna Area

Located on the shores of Lake Okanagan in the southern interior of British Columbia, the greater Kelowna area is the third largest metropolitan area in British Columbia. Known for its mountainous surroundings and forests, provincial parks, vineyards, and orchards, the destination features an extensive range of outdoor attractions, recreation, arts, and entertainment to its visitors year-round.

Home to some of the most fascinating natural resources, Kelowna has a wealth of must-do activities, set amongst spectacular scenery. As a tourism hotspot, the greater Kelowna area offers a plethora of fun-



*Economic impact studies are an important tool in communicating the significance and role of tourism in the greater Kelowna area.*

<sup>7</sup> The greater Kelowna area is also referred to as the Central Okanagan Regional District and comprises the urban and rural municipalities and Westbank First Nations. Big White Ski Resort, which is located outside of the Central Okanagan Regional District, is included in the analysis.

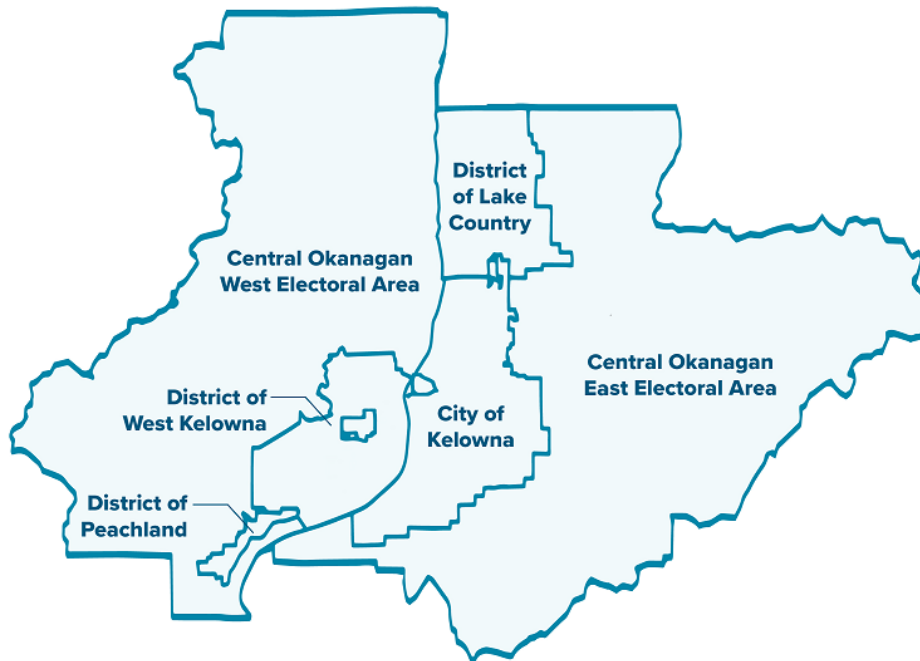
filled experiences including hiking, golfing, wine tours, art galleries, casinos, and amusing events and festivals for outdoor enthusiasts, casual vacationers, and families that visit the destination.

Besides the many wineries and golf courses that dot the countryside, over the last 10 years, the Kelowna area has added several microbreweries, cideries, distilleries, and authentic dining options to its must-see itinerary. Tourist attractions in the greater Kelowna area expands during the Winter season with options such as Nordic skiing, downhill skiing, hiking, snowshoeing, snowboarding, and other Winter activities.

The Kelowna Census Metropolitan Area (CMA) recorded an estimated population of over 235,500 in 2022, an increase of 2.8% from 2021 and 15.7% from 2018, the previous study year.<sup>8</sup> This region is supported by its own international airport located 15km from the city center, offering direct service to numerous domestic destinations and sunspot locations.

The greater Kelowna area is also referred to as the Central Okanagan Regional District and comprises the urban and rural municipalities and Westbank First Nations. Big White Ski Resort, which is located outside of the Central Okanagan Regional District, is included in the analysis. The associated economic contribution of jobs at Big White is accounted for in this study (i.e., including jobs, wages, GDP, economic output, and tax revenue). 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. A map of the area is shown in **Figure 1-1**.

**Figure 1-1: Map of the Greater Kelowna Area**



Source: InterVISTAS Consulting Inc.

<sup>8</sup> Central Okanagan Economic Development Commission. 2023 Central Okanagan Economic Profile. <https://www.investkelowna.com/wp-content/uploads/2023/02/Economic-Indicators-Single-Q4-2022.pdf>

## 1.2 What is Economic Impact?

Economic impact is a measure of the spending and employment associated with a sector of the economy (e.g., tourism), a specific project (such as the construction of a new facility), an economic activity, or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with the activities of Kelowna's tourism sector, which includes accommodations, food/beverage and retail, local attractions, and transportation providers.

Economic impact can be measured in various ways including employment, income, Gross Domestic Product (GDP), and economic output, as summarized in **Figure 1-2**. The importance of Kelowna's tourism industry is highlighted through the lens of these four measures. All of these are used to express the gross level of activity or expenditure from this industry. Although they are not "net" measures that weigh benefits against costs, these measures can be useful in developing an appreciation of projects, investments, and economic sectors.

**Figure 1-2: Measures of Economic Impact**

<b>Employment</b>	<ul style="list-style-type: none"> <li>• The number of jobs employed by businesses directly or indirectly linked to activities and operations in Kelowna's businesses that serve non-local visitors to the region.</li> <li>• The employment figure includes full-time, part-time and seasonal employment.</li> </ul>
<b>Wages</b>	<ul style="list-style-type: none"> <li>• The wages, salaries, bonuses, benefits and other remuneration earned by people linked to activities and operations of Kelowna's tourism sector.</li> </ul>
<b>Gross Domestic Product (GDP)</b>	<ul style="list-style-type: none"> <li>• The value of the operating surpluses (i.e. the "value-add") of businesses linked to activities and operations serving Kelowna's visitors, plus the remuneration and net indirect taxes paid to government.</li> </ul>
<b>Economic Output</b>	<ul style="list-style-type: none"> <li>• The total gross spending (i.e., capital improvement plus revenue) by firms, organizations and individuals involved in activities linked to operations at Kelowna's tourism related firms, including intermediate consumption.</li> </ul>

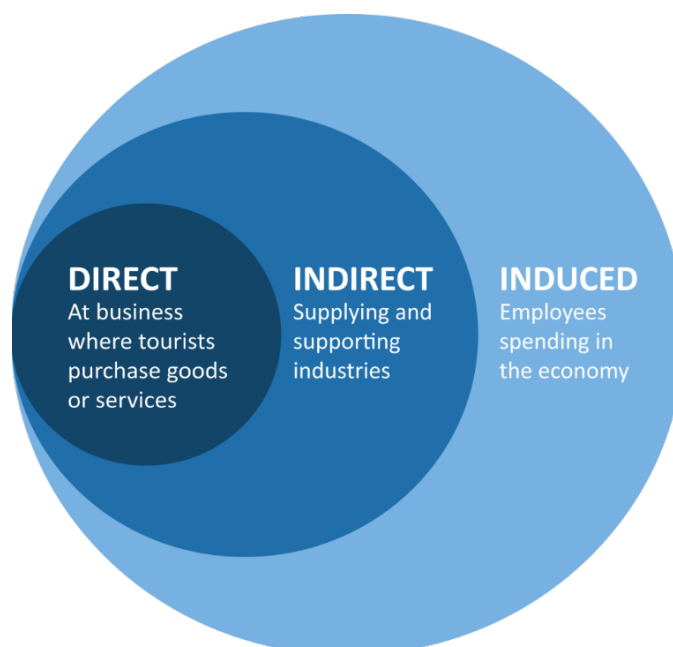


## 1.3 Categories of Economic Impact

The three major components of economic impact of this study are classified as *direct*, *indirect*, and *induced* impacts, which collectively capture the economic benefits of Kelowna's tourism industry to the local and provincial economy. **Figure 1-3** illustrates the various elements that account for the economic impact of the tourism industry.

- **Direct** impacts account for the economic activity of the target sector itself. Direct employment impacts are measured by counting those individuals who work in a particular sector of the economy. In the tourism sector, this includes all those people who work in providing services to non-local visitors (e.g. a front desk guest services agent of a hotel in Kelowna, a sales person at a souvenir shop that serves tourists in Kelowna, a tour guide for one of Kelowna's outdoor attractions, etc.).
- **Indirect** impacts are those that result because of the direct impacts. This involves employment, wages, GDP, and economic output generated by industries that arise from the presence of the tourism industry. For example, indirect employment could include suppliers of amenities, housekeeping products, and bed and bath linens for an accommodations provider in Kelowna (i.e. any businesses that supply or provide services to those firms directly serving Kelowna's tourism sector).
- **Induced** impacts are economic impacts created by the spending of wages, salaries, and profits earned by those working in direct and indirect economic activities related to tourism in Kelowna. For example, induced impacts would include a restaurant employee's purchases of consumer goods such as food, clothing, electronics, etc. Induced impact is often called the "household-spending effect".
- **Total** impacts are the sum of direct, indirect, and induced effects.

**Figure 1-3: Economic Impact Overview of the Tourism Industry**



## 1.4 Scope of the Study

The tourism industry in the Kelowna area generates employment for individuals with jobs in the accommodations industry, attractions, and other support organizations. In addition, the tourism industry brings in non-local visitors, who will spend money on local ground transportation, food and beverage, retail, etc. This study estimates the economic impacts and tax impacts generated by Kelowna's tourism sector, as follows:

- **Employment Impacts:** economic impacts associated with employment in the tourism sector of Kelowna in the following industries: outdoor activities, adventure tourism, guided tour operators, wedding planning, health and wellness, photography/videography, air/water/ground transportation, and event rentals and planning.
- **Visitor Spending Impacts:** economic impacts generated by visitor spending in Kelowna related to food/beverage, retail and local ground transportation.
- **Tax Impacts:** tax revenues generated by the employment impacts and visitor spending impacts of Kelowna's tourism sector.

The associated economic impacts of tourism are measured in a number of ways including visitor spending in the local economy, employment (jobs) supported by Kelowna's tourism industry, and the sector's contribution to GDP.

## 2 Tourism Industry Snapshot

### 2.1 Introduction

Set in British Columbia's wine country, the greater Kelowna area has over 40 wineries and 19 golf courses that are central to its tourism, along with its authentic dining options. It has a robust accommodations industry that provides over 4,500 hotel rooms for local and overseas visitors.<sup>9</sup>



**4,500+**

Approximate Hotel Rooms in the Central Okanagan



**2,500+**

Tourism related businesses in Kelowna



**40+ Wineries**

**20+ Craft Breweries**

**9<sup>th</sup> busiest airport**

**19 Golf Courses**

As Kelowna's tourist activity has gone up over the years, the region has seen an expansion in the number of events and attractions to offer to its visitors year-round. These activities and entertainment options include outdoor adventure, water-based recreation, golf, winery and farm touring, and visual and performing arts. In addition, the region appeals to a spectrum of visitors from active adventurers to casual vacationers to families by hosting a variety of unique seasonal activities and festivals like skiing, snowshoeing, and snowboarding in the Winter, along with winery and farm touring in the fall.

### 2.2 Accommodations Industry

Located in the sunny shores of Lake Okanagan, Kelowna is home to nearly 70 accommodations providers including bed and breakfasts, motels, hotels, and resorts. A growing number of vacation rentals are also a popular accommodation option. As Kelowna has emerged into a tourism hotspot, the volume of room revenues collected has also increased, reaching \$149 million with a 60% room occupancy rate in 2022.<sup>10</sup> This part of Kelowna's tourism sector offers over 4,500 rooms, generating nearly \$115 in revenue per available room night in 2022, up about 17% from 2018. Room occupancy peaked in the Summer (July and August) in 2022.<sup>11</sup>

<sup>9</sup> Vacation rentals do not include the sharing economy, such as Airbnb or VRBO.

<sup>10</sup> Tourism Kelowna 2022 Facts & Figures.

[https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/kelowna/2022\\_Facts\\_Figures\\_New\\_Presentation\\_53ca865c-f01a-4c37-b0f3-294a32acc91f.pdf](https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/kelowna/2022_Facts_Figures_New_Presentation_53ca865c-f01a-4c37-b0f3-294a32acc91f.pdf)

<sup>11</sup> Tourism Kelowna 2022 Facts & Figures.

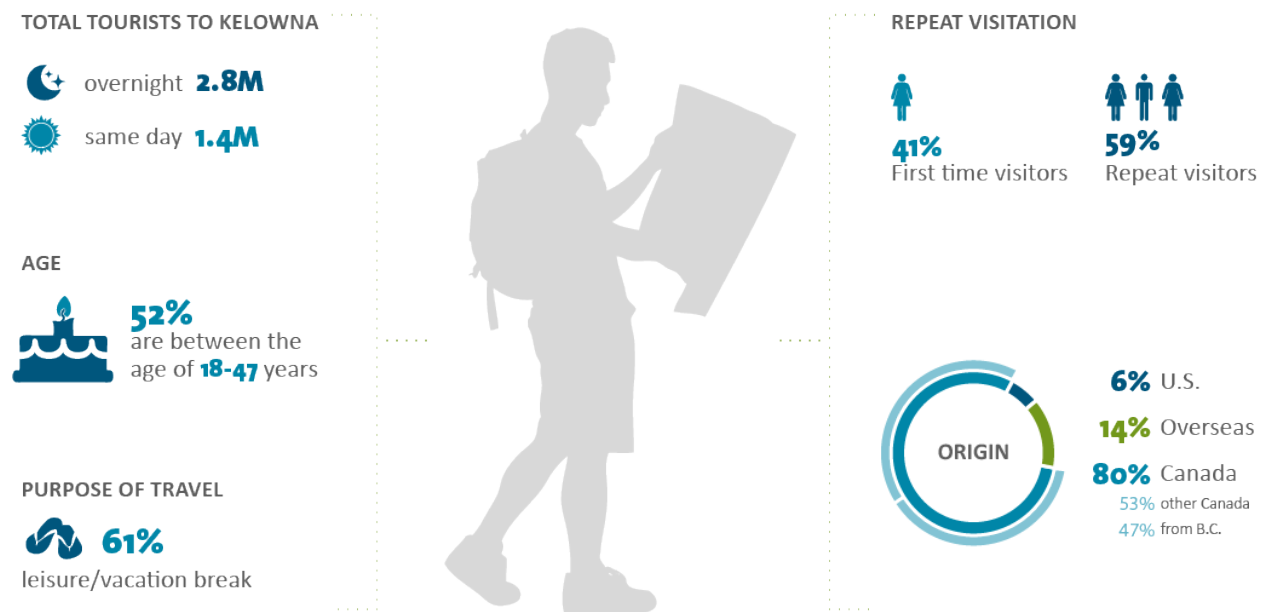
[https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/kelowna/2022\\_Facts\\_Figures\\_New\\_Presentation\\_53ca865c-f01a-4c37-b0f3-294a32acc91f.pdf](https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/kelowna/2022_Facts_Figures_New_Presentation_53ca865c-f01a-4c37-b0f3-294a32acc91f.pdf)

## 2.3 Visitors to Kelowna

With nearly 70 flights a day, the Kelowna International Airport is the 10<sup>th</sup> busiest airport in Canada, serving over 1.7 million business and leisure passengers in 2022.<sup>12</sup> A significant proportion of the passengers who visited Kelowna in 2022 were there for a leisure/vacation break, and displayed most interest in sightseeing, winery touring, and water-based recreation. With the variety of guided tours, events, festivals, and entertainment options that the region has to offer, Kelowna is seen as an ideal destination for visitors traveling with families. The proportion of business travellers visiting the region has also increased over the years, with Winter being the most popular season for business travel.<sup>13</sup>

Based on data provided by Tourism Kelowna (developed by Telus Insights) on the Kelowna Census Subdivision visitor highlights for 2022, there were an estimated 1.4 million same day visitors and over 2.8 million visitors who stayed overnight in Kelowna. Based on Kelowna visitor profile research conducted by InterVISTAS in 2022/23, travellers included tourists from Canada (80%), the U.S. (6%), and overseas (14%). Of the tourists from Canada, visitors from within the Province of British Columbia accounted for 47%, and visitors from other provinces across Canada accounted for the remaining 53%. Of all the surveyed seasons in 2022/23, visitors spent the most in the Summer. **Figure 2-1** provides a profile of visitors to the greater Kelowna area in 2022/23.

**Figure 2-1: 2022 Greater Kelowna Area Visitor Profile**



Source: Total number of visitors is based on data provided by Tourism Kelowna via Telus Insights data for visitation in 2022, while other visitor characteristics are based on the 2022/23 Tourism Kelowna Visitor Intercept Study completed by InterVISTAS Consulting.

<sup>12</sup> Kelowna International Airport. Facts and Statistics. <https://ykw.kelowna.ca/business/facts-statistics>

<sup>13</sup> InterVISTAS Consulting Inc. Tourism Kelowna Visitor Intercept Study, 2022.

Based on data contained in the Telus Insights Kelowna Census Subdivision visitor highlights report for 2022, there were 4.2 million person-visits to the Kelowna Census Subdivision in 2022. Of these visitors, 1.4 million were same day visitors and over 2.8 million were overnight visitors. These figures reflect total visitation to Kelowna (e.g., visitor trips), and do not reflect the unique visitor count.

Total domestic and international visitation counts were calculated by summarizing the total overnight and same-day visitor trips as provided by Telus Insights data for the Kelowna Census Subdivision in 2022.

As Central Okanagan continues to navigate through its recovery phase of the pandemic, an analysis of visitors in the region has provided key insights into its future outlook. Domestic visits by residents have seen a strong increase on a year-to-year basis between 2020-2022. Specifically, the months of April to June and October to December saw the strongest increase in visitation. It appears that recovery in the region is underway and if economic constraints allow for an increase in disposable income, this should have an overall positive effect on spending in the region.

Visits by Canadian nationals continues to see a year over year peak between June and July. Frequency of trips and overnight stays also peak in this same month frame. It should be expected that visitor spending will be at the highest during these months due to the influx of visitors. In terms of international visits to the region, 2022 saw a return to about 56% of pre pandemic levels. International travel continues to slowly gain momentum globally with Central Okanagan following suit. Furthermore, there has been a 300% increase in overnight stays by international visitors in comparison to 2020. This presents a positive outlook for the region in terms of recapturing visitor spending of its international travellers.

### **2.3.1 Study Visitation Data**

In previous studies, InterVISTAS primarily relied on Statistics Canada as its primary source to provide the data framework on tourism visits to the Kelowna area. For this study, the equivalent Statistics Canada dataset for 2022 was unavailable due to staffing/resourcing constraints experienced throughout the pandemic. Visitor data utilized in the analysis was provided by Telus Insights for the Kelowna Census Subdivision. This data is consumer consented and available via mobile analytics that is capable of providing movement data in Canadian and US markets.



## 3 Methodology



### SUMMARY

- **Nearly 300 tourism related businesses were contacted** to provide input to the employment survey
- **Visitor expenditure data from the Kelowna Visitor Intercept Survey** conducted in 2022/23, by InterVISTAS Consulting
- Visitation based on data provided by Tourism Kelowna via Telus Insights data on **Kelowna visitation** in 2022
- Study time frame: 2022 operations and visitation
- Economic multipliers and ratios source: Statistics Canada

### 3.1 Introduction

The study estimates the economic impact of Kelowna's tourism related activities and operations in 2022.

To calculate the direct employment impacts, the study team reviewed and surveyed the employment and activity of Kelowna's tourism related firms in 2022. This included hotel accommodations, tour operators, and the area's attractions. These firms were provided an online employment survey to complete. The results of the online survey produced estimates of the number of individuals employed in directly related occupations, as well as the total amount of earnings paid to all employees by tourism businesses in Kelowna. The employment survey was used to classify the total employment and average wages paid by business type.

Impacts related to Kelowna's tourism visitor spending were also assessed based on expenditures on food/beverage, retail, local ground transportation, and other visitor related expenses in the Kelowna area. The visitor spending data was collected through the InterVISTAS 2022/23 Visitor Intercept Survey. The total number of visitors to the region was based on data provided by Tourism Kelowna via Telus Insights on Kelowna Census Subdivision visitation in 2022.

The indirect and induced effects were estimated using economic multipliers and ratios developed by Statistics Canada.<sup>14</sup> InterVISTAS utilizes a proprietary model to conduct multiplier analysis and estimate indirect and induced impacts.

Data from the survey was used to calculate the associated tax impacts (government revenue) generated by Kelowna's tourism industry activities and operations.

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<sup>14</sup> The multipliers used for the analysis are based on Statistics Canada economic multipliers for British Columbia from the 2019 Interprovincial Input-Output model, the most recent data available. These multipliers were updated with Consumer Price Indices to account for inflation to 2022.

## 3.2 Estimating Direct Employment

The direct employment base related to the tourism sector in Kelowna 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 by the tourism sector are also estimated.

## 3.3 Surveyed Direct Employment

Employment at accommodation providers, the destination marketing organization, attractions, and other tourism service providers was measured by surveying related businesses and organizations during Spring 2023.<sup>15</sup> Of the 281 surveys e-mailed, 55 firms replied to the survey. The survey response rate was 20%. Effort was focused on collecting input from the largest and most significant tourism firms operating in the Kelowna area. Approximately 31% of the total estimated direct employment at Kelowna’s tourism related firms were covered by the responding survey respondents. It is noted that compared to prior year’s studies, the survey response rate was much lower, thus requiring greater inference of data, as discussed in section 3.4.

The list of businesses surveyed was developed using a stakeholder contact list provided by Tourism Kelowna. Surveys were completed online, and survey follow-up was conducted to prompt non-responding firms to complete the survey.

## 3.4 Inferred Direct Employment

For surveyed firms that did not respond to the survey, employment and other metrics were conservatively estimated using a proven and accepted methodology.<sup>16</sup> This includes referencing the survey results for firms of similar business types and sizes, as well as a review of survey responses completed by firms for previous studies conducted by InterVISTAS for Tourism Kelowna. There may be firms that were not surveyed because of their unknown existence. Employment for these non-surveyed firms was not estimated because there was no basis for assessment. It is expected that the volume of missed employment would be minimal.

Statistics Canada data on Employment by Industry for the Kelowna Census Metropolitan Area (CMA) from 2015 to 2022 was used to adjust the employment data for non-responding firms who completed the employment survey in 2019. It is noted that the percentage change in employment levels for Statistics Canada industry NAICS codes for *Information, culture and recreation* and *Accommodations and Food Services* from 2019 to 2022 was applied to those firms to reflect the general trend in employment in the

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<sup>15</sup> A sample of the employment survey is provided in **Appendix A**.

<sup>16</sup> Details on our methodology for inferring employment is provided in **Appendix B**.

Kelowna CMA. Employment in *information, culture and recreation* industry declined 29.7% and employment in *accommodations and food services* industry declined 12.9% from 2019 to 2022.

Employment was “inferred” for firms that did not respond to the current year’s employment survey. For Kelowna’s tourism sector direct employment, 69% of total direct surveyed employment was inferred.

### 3.5 Visitor Spending Impacts

In addition to the survey of tourism related employment in Kelowna that is related to various sectors, including hotel accommodations, tour operators, and attractions, there is also economic impact generated related to visitor spending in the region in sectors such as food/beverage, retail, local ground transportation, and other travel related expenditures.

Visitor expenditure data was collected via a Visitor Intercept Survey in 2022/23 conducted by InterVISTAS.<sup>17</sup> The study entailed surveying a sample of non-local visitors who were same day visitors and overnight visitors to the Kelowna area in 2022/23. Primary data was collected throughout four distinct time periods throughout the year to account for seasonality of visitation. In total 675 surveys were completed with visitors across the four survey time frames.



*There is also economic impact generated related to visitor spending in the region in sectors such as food/beverage, retail, local ground transportation, and other travel related expenditures.*

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<sup>17</sup> The visitor survey was conducted in Summer, Fall and Winter 2022 and Spring 2023.

The economic impact of visitor spending in Kelowna was based on the results of the 2022 Visitor Intercept Survey, and on the total number of visitors to the region based on data provided by Tourism Kelowna sourced from Telus Insights on Kelowna Census Subdivision visitor highlights for 2022. Total visitor spending by overnight and same day visitors amounted to \$540 million in 2022, which was spent on food/beverage, retail, ground transportation, and other related travel expenditures – not including amounts spent on accommodations, tour operations or attractions as these impacts are already accounted for in the employment survey analysis discussed in previous sections.<sup>18</sup>

### 3.6 Economic Multipliers and Categories of Economic Impact

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

As an alternative to costly and inaccurate surveys, indirect and induced effects are typically measured using economic multipliers. Multipliers are derived from economic, statistical, and/or accounting models of the general economy. 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 (indirect and induced) must be interpreted with caution since they may be illusory when the economy experiences high employment and output near industry capacity. When they are reported, it is recommended that the reader should be aware of the limitations on the use of multipliers. Mindful of these limitations, this study has undertaken multiplier analysis to estimate indirect and induced employment.

The multipliers used for the analysis are based on Statistics Canada economic multipliers for British Columbia from the 2019 Interprovincial Input-Output model, the most recent data available. These multipliers were updated with Consumer Price Indices to account for inflation to 2022.

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<sup>18</sup> According to InterVISTAS' 2022 Visitor Intercept Survey, the average estimated visitor expenditure in Kelowna is \$476 per person per trip when *including* amounts spent on paid accommodation, attractions and outdoor recreation. The economic impact of Kelowna's visitors in this report does not include amounts spent on accommodation, attractions, and outdoor recreation as the economic impact of those industries were analysed based on the employment survey. Based on the Visitor Intercept Survey results, the average expenditure per visitor per trip on food/beverage, retail, and local ground transportation only was \$299 in 2022. With over 4.2 million visitors to the region in 2022, based on data provided by Tourism Kelowna on Kelowna Census Subdivision visitor highlights, the total visitor spending amounted to approximately \$540 million.

## 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 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 revenue 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 usually be greater than GDP (also termed value-added).

To estimate economic output for a sector, one might add up the gross revenues of the various firms in that sector. However, to find GDP for a sector, care must be taken to avoid double-counting. The revenues of one firm providing service to another are not incremental GDP. For example, in the automobile sector, one cannot add the value (gross revenue) of a finished auto to the value of the tires. The tires are already included in the value of the automobile.

One approach to measuring economic output and value-added is to ask firms in a survey to provide information on their gross revenues, payments to suppliers, etc. However, there are several problems with the approach. First, it is much too expensive to capture all of this information in a survey. Second, the double-counting problem makes this approach impractical.

An alternative is to infer economic output and GDP for an economic sector from employment data using economic multipliers and ratios. Statistics Canada produces economic multipliers and ratios for Canada, and these are more cost effective and more accurate than obtaining the data from surveys. This method, using Statistics Canada economic multipliers and ratios for Canada, is the approach adopted here.

## 3.7 Tax Revenue Impacts

Tourism activity in Kelowna also generates tax revenues. This includes revenues received by federal, provincial, and municipal levels of government. The tax revenue contributions to the federal, provincial, and municipal levels of government that are associated with Kelowna's tourism industry are also estimated. This includes taxes paid by employers and employees (such as payroll taxes) and an estimation on municipal taxes paid. Estimated tax revenues are for calendar year 2022, using tax rates for that year in the computations.<sup>19</sup>

## 3.8 Study Time Frame

This study builds upon the visitor intercept survey undertaken by InterVISTAS on behalf of Tourism Kelowna in the Summer, Fall and Winter 2022 and Spring 2023. The employment survey conducted during Spring 2023, and visitor volumes for 2022 provided by Tourism Kelowna sourced from Telus Insights on Kelowna Census Subdivision visitor highlights.

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<sup>19</sup> The employment and other assumptions on which tax revenues calculations are based are described in **Appendix D**.



## 4 Economic Impact of Tourism in Kelowna



### SUMMARY

In 2022, **direct tourism activity in Kelowna** supported:

- \$540 million in visitor spending
- 8,750 direct jobs
- \$373 million in direct wages
- \$719 million in direct gross domestic product (GDP)
- \$1.6 billion in direct economic output

### 4.1 Direct Economic Impacts

In 2022, there were over 2.8 million overnight visitors and 1.4 million same day visitors to the Kelowna area, spending an estimated \$540 million in total tourism expenditures in the region, including accommodations, activities, and entertainment.<sup>20</sup> Direct employment related to operations in Kelowna's tourism industry in 2022 amounted to 8,750 direct jobs. Employees working directly in Kelowna's tourism industry received an estimated \$373 million in wages, providing an average of roughly \$42,650 per job. This compares to an average annual wage of \$54,700 in British Columbia and a national average of \$54,000 in 2021.<sup>21</sup> Tourism is an integral sector that supports other industries to be present and to grow and thrive beyond the local market. Tourism connects visitors to locals and can be a catalyst for other industries' growth and economic development. As well, jobs in tourism are often the first employment opportunities for young people who are just entering the workforce.

The direct employment from operations in Kelowna's tourism industry generated over \$719 million in direct GDP and over \$1.6 billion in direct economic output in 2022. The summary of the direct economic impact of tourism in the Kelowna area is summarized in **Figure 4-1**.







*In 2022, tourism in the Kelowna area supported  
8,750 direct jobs,  
and contributed  
\$719 million in direct GDP.*

<sup>20</sup> Based on data provided by Tourism Kelowna sourced from Telus Insights on Kelowna Census Subdivision visitor highlights, visitor spending averages from InterVISTAS' 2022 Visitor Intercept Survey, and room revenues by municipal jurisdiction from BC Stats and Ministry of Finance.

<sup>21</sup> Statistics Canada. Table 11-10-0239-01 Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas. 2021 is the most recent data year at the time of report development.

Figure 4-1: Direct Impact of Kelowna's Tourism Industry, 2022

				
Component	Employment Jobs	Wages (\$ Millions)	Value-Added GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	1,760	74	149	257
Other Tourism Related*	3,700	193	425	1,065
Visitor Spending**	3,290	106	146	273
<b>Total Direct</b>	<b>8,750</b>	<b>373</b>	<b>719</b>	<b>1,595</b>

**Notes:**

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

\*\* An estimated 3,290 jobs are associated with visitor spending that takes place in the Kelowna area. The level of visitor spending is based on the 2022 Visitor Intercept Survey conducted by InterVISTAS, and includes expenditure on retail, food & beverage, and local ground transportation.

-- Figures may not sum to totals due to rounding.

### 4.1.1 Direct Employment by Business Type

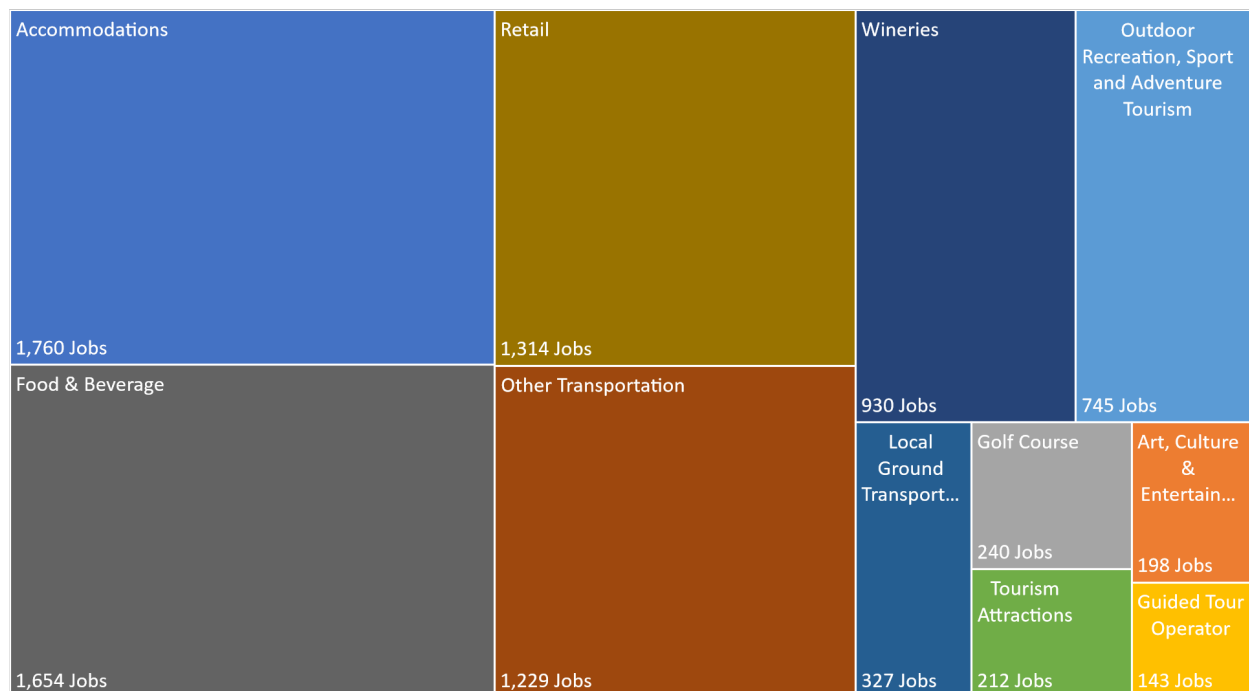
A breakdown of direct employment related to Kelowna's tourism industry by business type provides insight into the different industries that contribute to tourism in Kelowna. The following summary details direct employment of each industry:

- **Accommodations** employment accounted for 1,760 jobs or 20% of direct employment.
- **Food/Beverage** accounted for 1,654 jobs or 19% of direct employment. This includes employment at restaurants and bars, coffee shops, and grocery stores.
- **Outdoor Attractions** accounted for 1,340 jobs or 34% of direct employment. These include golf courses, guided tour operators, family attractions, orchards, gardens, sport and adventure tourism.
- **Wineries** accounted for 930 jobs or 11% of direct employment.
- **Shopping/Retail** accounted for 1,314 jobs or 15% of direct employment.
- **Arts, Culture & Entertainment** accounted for 198 jobs or 2% of direct employment. This includes employment at theatres, galleries, museums, and other arts and entertainment-related businesses.
- **Transportation** accounted for 327 jobs or 4% of direct employment. This includes taxi, bus, car rental and fuel expenditures in Kelowna.

- **Other industries** accounted for 1,229 jobs with the remaining 14% of direct employment. Other employment includes tourism related employment at Kelowna International Airport.<sup>22</sup>

A breakdown of direct employment in Kelowna's tourism industry, by business type, is illustrated in **Figure 4-2**.

**Figure 4-2:**  
**2022 Tourism Related Direct Employment in Kelowna, with the Percentage Share of Each Business Type, Based on 8,752 Direct Jobs**



**Note:**

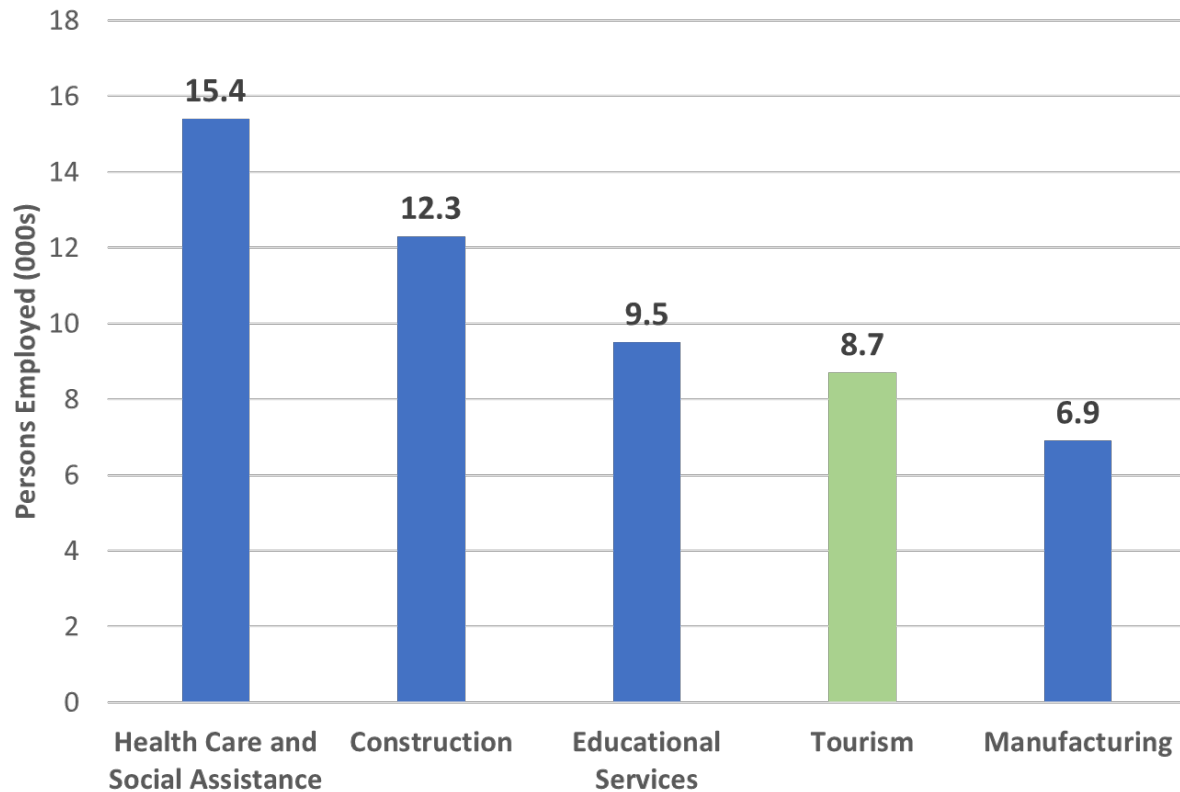
\* Other employment includes tourism related employment at Kelowna International Airport.<sup>23</sup>

**Figure 4-3** shows the relative size of Kelowna's tourism industry in comparison to other sectors of Kelowna's economy in 2022. With an estimated 8,750 direct jobs, Kelowna's tourism industry employed more people than the city's manufacturing industry.

<sup>22</sup> Air transportation employment related to the inbound air visitors to the area included in this section is based on the 2015 *Kelowna International Airport Economic Impact Study* conducted by SNC Lavalin.

<sup>23</sup> Ibid.

Figure 4-3: Employment in Tourism versus Other Industries in Kelowna, 2020



**Note:** Total tourism jobs shown (i.e., includes direct, indirect, and induced), as per Figure 4-1.

**Source:** Statistics Canada. Table 14-10-0384-01 Employment by industry, annual, census metropolitan areas (x 1,000), Kelowna, British Columbia, 2022..

## 4.2 Indirect and Induced Economic Impacts

The previous section presented the direct economic impacts related to operations in Kelowna's tourism industry. However, the economic impact of the tourism sector does not end there, as other sectors of the economy are dependent on these employers' businesses. This includes indirect impacts in businesses that supply the goods and services to the direct activities linked to tourism in Kelowna, and induced impacts resulting from direct and indirect employees spending their wages in the general economy. Therefore, the total economic impact of Kelowna's tourism industry includes the sum of direct, indirect, and induced effects.



The indirect and induced impacts were estimated using Statistics Canada's economic multipliers for the Province of British Columbia.<sup>24</sup>

### 4.2.1 Indirect Impacts

Indirect impacts are generated by suppliers to the businesses directly related to tourism. Based on the application of economic multipliers, it was estimated that 2,420 jobs were related to Kelowna's tourism industry in 2022. In other words 2,420 jobs were indirectly generated in industries that supply the businesses directly related to operations of Kelowna's tourism sector. The wages associated with the total indirect employment is estimated at \$147 million. In 2022, indirect GDP contribution is estimated at \$252 million and economic output at \$478 million.

### 4.2.2 Induced Impacts

The induced employment is the result of demand for goods and services (e.g., spending in the general economy) generated by wages of those directly or indirectly linked to the Kelowna's tourism industry. The induced employment attributable to tourism in Kelowna in 2022 is estimated at 1,460 jobs, generating \$77 million in wages. Induced GDP and economic impact contributions amount to \$193 million and \$297 million, respectively, in 2022.



*In total, those businesses directly related to tourism, together with the businesses that supply the goods and services to tourism activity (indirect impacts) and spending of employees in the wider economy (induced impacts), support 3,880 jobs.*





<sup>24</sup> The multipliers used for the analysis are based on Statistics Canada economic multipliers for British Columbia from the 2019 Interprovincial Input-Output model, the most recent data available. These multipliers were updated with Consumer Price Indices to account for inflation to 2022'.



## 4.3 Total Economic Impacts

In 2022, operations in Kelowna's tourism sector generated a total of 12,630 jobs and \$598 million in wages, including induced and indirect effects. Including multiplier effects, tourism in Kelowna supported \$1.2 billion in total GDP and \$2.4 billion in total economic output. **Figure 4-4** summarizes the direct, indirect, induced, and total impact of employment and wages in the surrounding regional economy attributable to operations in Kelowna's tourism industry, as well as GDP and economic output contributions.

**Figure 4-4: Total Economic Impact of Tourism in Kelowna, 2022**

				
Component	Employment Jobs	Wages (\$ Millions)	Value-Added GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	1,760	74	149	257
Other Tourism Related*	3,700	193	425	1,065
Visitor Spending**	3,290	106	146	273
<b>Total Direct</b>	<b>8,750</b>	<b>373</b>	<b>719</b>	<b>1,595</b>
<b>Indirect***</b>	2,420	147	252	478
<b>Induced***</b>	1,460	77	193	297
<b>Grand Total --</b>	<b>12,630</b>	<b>598</b>	<b>1,163</b>	<b>2,370</b>

**Notes:**

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

\*\* An estimated 3,290 jobs are associated with visitor spending that takes place in the Kelowna area. The level of visitor spending is based on the 2022 Visitor Intercept Survey conducted by InterVISTAS, and includes expenditure on retail, food & beverage, and local transportation.

\*\*\* Does not include indirect and induced impacts for visitor spending (only for Accommodations and Other Tourism Industries) to mitigate the possibility of double-counting of impacts.

-- Figures may not sum to totals due to rounding.

## 5 Tax Revenue Impacts



### SUMMARY

**Contribution to government revenues** related to tourism in Kelowna amounted to **\$226 million in 2022**, including:

- Federal Government: \$141 million (62% of total)
- Provincial Government: \$67 million (30% of total)
- Municipal Government: \$19 million (8% of total)

### 5.1 Introduction

This part of the report documents the current contribution to government revenues resulting from operations in Kelowna's tourism industry and associated economic activity. This includes an estimate of revenues received by federal, provincial, and municipal governments.

Tax 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. They include wage and payroll taxes, and social insurance contributions (such as employment insurance premiums). They also include an estimate of property taxes paid by firms.
- **Taxes paid by same day overnight visitors to Kelowna.** Payments include GST and PST paid on hotel accommodations and other goods and services (e.g., food/beverage and retail purchases).

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. GST and PST) paid by tourism industry employees when they spend their wages.

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 tax 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 study is limited to revenues attributable to direct employment only.

## 5.2 Tax Contributions by Taxpayer

In 2022, tourism related employees and employers contributed a total of \$173 million in government revenues, accounting for 77% of total tax contributions. The remaining 23% of taxation revenues was generated by sales taxes and other local taxes levied on expenditures made by tourists on accommodations, retail, food and beverage, entertainment and local transportation. Total taxes paid by tourists, employers, and employees in Kelowna's tourism industry amounted to \$226 million in 2022. **Figure 5-1** provides a summary of 2022 tax contributions by taxpayer.

**Figure 5-1: 2022 Tax Contributions of Tourism in Kelowna, by Taxpayer (\$ millions)**

Taxpayer	Federal	Provincial	Municipal	Total
Tourism Employees and Employers	\$119	\$38	\$16	\$173
Tourists	\$22	\$28	\$3	\$53
<b>Total</b>	<b>\$141</b>	<b>\$67</b>	<b>\$19</b>	<b>\$226</b>

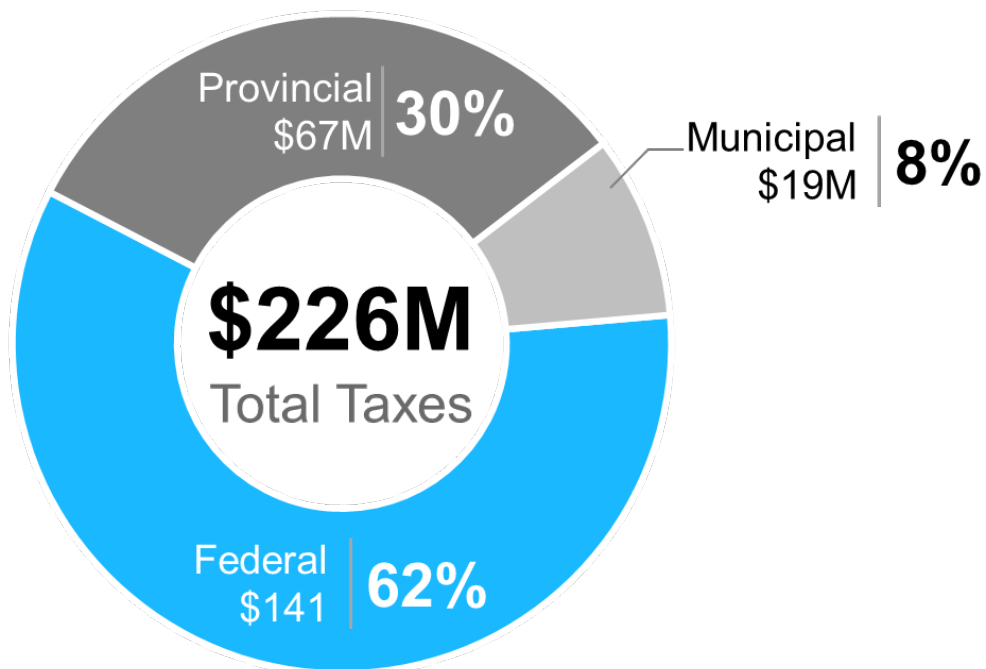
**Note:** Figures may not sum to totals due to rounding.

## 5.3 Tax Contributions by Level of Government

Economic activity by Kelowna's tourism industry generates tax revenue for all levels of government. In 2022, total tax contributions from tourism related direct employment to all levels of government were approximately \$226 million. **Figure 5-2** provides a breakdown of tax impacts by level of government.

- The federal government was the largest recipient of tax revenue, receiving approximately \$141 million (62% of total tax revenue impacts). The vast majority of that total is attributable to taxes paid by employers and employees such as income tax, corporate income tax, and CPP contributions.
- The provincial government received \$67 million (30% of total tax revenue impacts). This total is from income taxes, Workers Compensation Board (WCB) contributions, medical premiums, and provincial tax associated with visitor spending.
- The municipal government collected the remaining \$19 million in tax revenue (8% of total tax revenue impacts) in the form of property taxes paid by businesses, as well as the Municipal and Regional District Tax (MRDT).

Figure 5-2: Estimated Tax Revenues of Kelowna's Tourism Industry, by Level of Government, 2022



**Note:** Figures may not sum to totals due to rounding.

## Appendix A: Sample Employment Survey





**Tourism Kelowna**  
Tourism Economic Impact Study

February 2023

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.**

Name of Business: \_\_\_\_\_

Address of Business: \_\_\_\_\_

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:

- |  |   |
|--|---|
| <input type="checkbox"/> Accommodations ( <i>go to Question 1A</i> )           | <input type="checkbox"/> Health & Wellness (e.g., spa)  |
| <input type="checkbox"/> Art, Culture & Entertainment                          | <input type="checkbox"/> Golf Course  |
| <input type="checkbox"/> Breweries, Cideries & Distilleries                    | <input type="checkbox"/> Tourist Attraction (e.g., family attraction, orchards, gardens etc.) |
| <input type="checkbox"/> Conference & Meeting Facilities/ Services             | <input type="checkbox"/> Outdoor Recreation, Sport and Adventure Tourism                      |
| <input type="checkbox"/> Transportation Services                               | <input type="checkbox"/> Tourism Trade (e.g., Destination Marketing Organizations)            |
| <input type="checkbox"/> Retail  | <input type="checkbox"/> Other (please specify below): _____                                  |
| <input type="checkbox"/> Guided Tour Operator                                  |   |
| <input type="checkbox"/> Travel Agency   |   |
| <input type="checkbox"/> Food & Beverage Services ( <i>go to Question 1B</i> ) |   |
| <input type="checkbox"/> Winery  |   |

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

\_\_\_\_\_ rooms, \_\_\_\_\_ 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 spending 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):	%
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**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 February 2023)	
Total Annual Payroll (2022): (approximate total excluding employee benefits)	

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

OR, Please indicate the average salary range 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:	

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 (2022)?

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

For seasonal workers, on average, how many **weeks** and how many **hours per week** will they work this year (2022)?

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.).*

**NOTE: 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	



**Tourism Kelowna**  
Tourism Economic Impact Study

February 2023

<b>Other</b> (Please specify below):	

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

☐ Spring      ☐ Summer      ☐ Fall      ☐ Winter

**Q7. Additional Comments?**

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**Thank you for your assistance in completing this survey.**

**Please return the completed survey by email to:**

**Attention: Noel Szelewski**

**Email: [tourismkelowna.survey@intervistas.com](mailto:tourismkelowna.survey@intervistas.com)**

If you have any questions, please call Noel Szelewski 1-604-717-1808 or Doris Mak at 1-604-717-1838.

## Appendix B: 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 and responses from previously completed surveys, 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.<sup>25</sup>

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

1. **Employment reported by employers on surveys submitted to InterVISTAS.**
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.

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<sup>25</sup> 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 C: Calculation of Full-time Equivalents

The following are details of calculations for the average number of hours per full-time equivalent.

**Table C-1: Full-time Equivalent Hours per Year**

Calculation of full-time equivalent hours per year:		
	365	days per year
Less:	(104)	weekend days
	(11)	legal holidays
	(15)	average vacation days
	(6)	sick leave
	229	days per full-time equivalent
	* 8	hours per workday
	<b>1,832</b>	<b>hours per full-time equivalent</b>

Workdays vary anywhere from 6.5 to 8 hours; however, in order to be conservative, an 8-hour workday was assumed.<sup>26</sup> Similarly, numbers of vacation and sick leave days may also vary.

<sup>26</sup> 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 FTE. Using this lower figure would result in inferring a greater number of FTEs from seasonal and part-time jobs. Using the 1,832 figure, we infer a lower number of FTEs.

# Appendix D: Tax Revenues Attributable to Tourism 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 2022 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 businesses in Kelowna. These questions are highlighted and simplifying assumptions are put forth.

## Employment and Visitor 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 same day and overnight visitors. The total direct employment, in FTEs, used for the calculations of the tax revenue paid by employers and employees is 6,110 FTEs. The total payroll is estimated at nearly \$373 million. The contributions of both same day and overnight visitors are calculated based on total visitor person nights (for accommodations costs) and total visitor spending (for non-accommodation expenditure). In this study, it is estimated that Kelowna handled close to 2.8 million overnight visitors and 1.4 million same day visitors in 2022.

## 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 \$42 million in federal tax and \$17 million in provincial tax.

The average tax rates used are derived from the more detailed calculations of taxes payable shown in **Table E-1**. 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, 2022*

## 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 \$4,002 and the provincial corporate income tax collected per employee was \$1,839 in 2021.
3. Assuming all companies pay tax at the average rate per employee calculated above, the 2022 corporation income tax liability of the tourism employment sector is estimated to be \$25 million toward federal revenues and nearly \$11 million toward provincial revenues. The estimated total corporate income tax revenue is about \$36 million as shown in **Table E-2**.

**Table E-2: Estimated Corporate Income Tax Paid by the Tourism Industry, 2022**

Government	Revenue (\$ '000s)
Federal	24,454
Provincial	11,235
<b>Total</b>	<b>35,690</b>

## Employment Insurance Premiums

**Tax base and rates.** In 2022, employees in Canada paid employment insurance (EI) premiums equal to 1.58% of earnings up to a maximum of \$952 per year. (Maximum insurable earnings are \$60,300). 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 \$60,300 per year. The maximum contribution was used for employees earning more than \$60,300 per year. Estimated employee payments were approximately \$5.4 million in 2022.

The employer rate is applied to the employee payments. Estimated employer payments were approximately \$7.6 million in 2022.

## Canada Pension Plan Contributions

**Tax base and rates.** In 2022, employee contributions for the Canada Pension Plan (CPP) were 5.70% of pensionable earnings. Pensionable earnings are actual earnings less \$3,500, to a maximum of \$61,400. The maximum annual employee contribution is \$3,500. 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 \$61,400 a year. The maximum contribution was used for employment earning more than the maximum pensionable earnings.

Estimated employer and employee contributions are close to \$19.7 million each, for a total of nearly \$39.4 million in 2022.

## 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.<sup>27</sup> 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 in Kelowna's tourism industry have been applied to the total payroll for that group. Tourism firms' employees paid an estimated \$4.0 million to Worker's Compensation om 2022.

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<sup>27</sup> Subject to Experience Rating Adjustment for individual companies.

## Tax on Accommodation Costs

**Tax Base and Rates.** The 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, a hotel tax of 3% is also levied on accommodation expenditure in Kelowna.<sup>28</sup>

Based on information from BC Stats and Ministry of Finance, accommodation revenue in Kelowna in 2022 was equal to \$130 million.

Thus, the estimated PST based on accommodation costs of roughly \$130 million is approximately \$9.1 million and GST of \$6.5 million in 2022. Total municipal hotel tax was approximately \$2.6 million in 2018.<sup>29</sup> Overall taxes on accommodation costs sums to close to \$18.2 million in 2022.

## Tax on Non-accommodation Visitor Spending

**Tax Base and Rates.** The 5% Goods and Services Tax (GST) and 7% Provincial Sales Tax (PST) also applies to most non-accommodation purchases by non-local visitors to Kelowna, B.C.

### Estimation Method and Results

Sales tax based on non-local visitor spending of over \$390 million is nearly \$30 million (\$15 million GST and \$19 million PST) in 2022.

## Property Tax Estimates of Businesses and Residents Related to Tourism in Kelowna

### Estimation Method and Results

A proportion of property taxes collected by the City of Kelowna that is related to businesses and residential are allocated to Kelowna's tourism industry. This is based upon the relative share of employment estimated for Kelowna's tourism sector compared to total Kelowna employment. This ratio was then applied to the total amount of property taxes collected by the City of Kelowna in 2022 to derive the amount that is estimated to be attributable the tourism sector.

For some firms, actual property taxes paid to the City of Kelowna were used in the computations, if available.

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<sup>28</sup> <https://kelownapublishing.escribemeetings.com/filestream.ashx?DocumentId=3065>

<sup>29</sup> Tourism Kelowna. Kelowna Industry Indicators – updated February 2020.



## Appendix E: 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 FTEs 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.<sup>30</sup>

**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.

**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.

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<sup>30</sup> *The Dictionary of Modern Economics*, David W. Pearce, General Editor, The MIT Press, Cambridge Mass., 1984

**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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