



The Economic **Impact** of Tourism in Kelowna

December 2011

TOURISM
KeLOWNA

tourismkelowna.com



Tourism is a major economic contributor for Kelowna and the Central Okanagan Regional District. The economic impact of tourism includes:

- Accommodations
- Attractions
- Restaurants
- Retail
- Kelowna International Airport
- Other businesses that benefit from tourism spending in the region



Tourism: A Major Growing Industry for Kelowna

Kelowna has developed into an international destination attracting tourists from around the world year-round. As a result, tourism is now a major employment and economic contributor to the Kelowna area¹. Okanagan Lake and the abundant and accessible beaches, water recreation, scenery and attractions have provided the primary draw for vacationers for many years. In addition, the Kelowna area is truly a golf destination with 19 courses. Dotted the surrounding countryside are over 25 wineries where visitors can sample renowned wines throughout the year. During the winter season, skiing, snowboarding and other winter activities are available at the nearby Big White Ski Resort.

Meetings, conventions, festivals and sporting events play a vital role in supporting the local tourism industry. Kelowna has become a desirable destination for these activities, which are expected to grow due to the continual improvement in Kelowna's air access and infrastructure.

The economic and tax impacts generated by tourism activity in the Kelowna area are comprised of three main components:

- **Accommodation Employment Impacts.** Represent employment in all accommodation providers, which offer over 4,400 rooms.
- **Other Tourism Industries Employment Impacts.** Represent employment by local attractions, air transportation and other supporting businesses and organizations within the tourism industry.
- **Visitor Spending Impacts.** Represent economic impact of spending activity by non-local visitors in Kelowna on food, beverage, retail and local transportation.

What is Economic Impact?

Economic impact is the measure of spending and employment associated with a sector of the economy, specific project, or the change in policy or regulation. Economic impact can be broken down into the following categories:

- **Direct Employment.** Are jobs generated and supported by tourism activity. This includes employment at hotels, attractions and other tourism-related service providers; and employment generated by visitor spending on food, beverage, retail and local transportation.
- **Indirect Employment.** Are jobs generated in down-stream industries resulting from the presence of the tourism sector in the area. For example, food wholesalers that supply food to hotels would be considered indirect employment.
- **Induced Employment.** Are jobs generated from expenditures by individuals employed indirectly or directly within the tourism sector. For example, a hotel employee renovating his/her home would induce increased employment hours to the general economy, and construction, materials and/or other industries.
- **Total Employment.** Is the sum of jobs from direct, indirect and induced economic impacts. The multiplier (indirect and induced) represents the maximum stimulus potential to the economy resulting from the tourism sector.

1. The Kelowna area includes the Kelowna CMA and Central Okanagan Regional District.



Economic Impact of Tourism

- Tourism in the Kelowna area generates nearly 7,100 jobs - equivalent to approximately 5,000 Full-Time Equivalent (FTE) jobs.
- Direct tourism-related employment generated \$176 million in wages.
- Including multiplier impacts, Kelowna's tourism sector supports approximately 11,300 jobs (over 7,300 FTE) and \$218 million in wages.
- In addition to employment, the tourism industry in Kelowna contributes \$335 million in direct Gross Domestic Product (GDP) and \$653 million in Direct Economic Output.
- Overall, indirect and induced impacts from Kelowna tourism activity represent \$416 million in GDP and \$840 million in economic output to British Columbia.

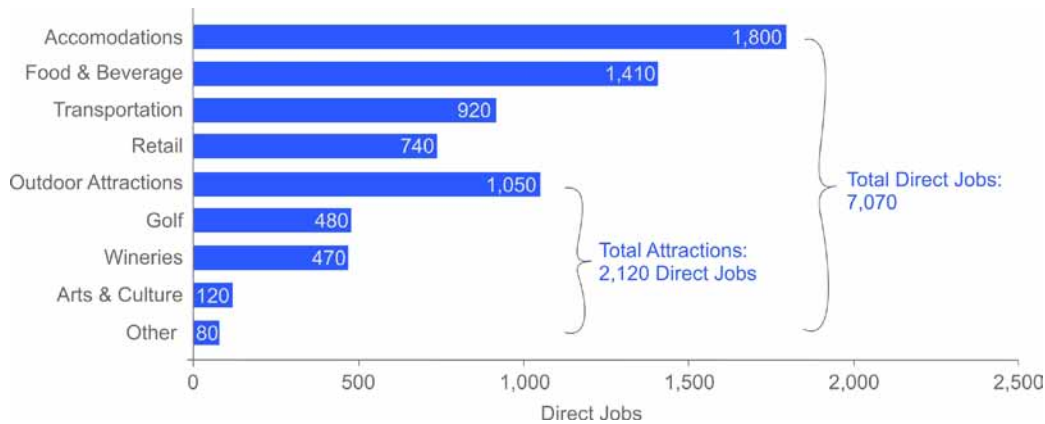
Type of Impact	Employment (Jobs)	Employment (FTE)	Wages (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Direct	7,072	4,968	176	335	653
Indirect*	1,984	1,103	21	37	95
Induced*	2,223	1,255	21	44	92
Total Impacts	11,279	7,326	218	416	840

Source: InterVISTAS Consulting Inc.

*Note: 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.

Tourism Employment by Business Type

The largest number of tourism-related jobs are generated by accommodation providers, which is approximately 1,800 direct jobs. In total, attractions in the Kelowna area (i.e., outdoor attractions, ski resorts, golf, wineries, art galleries, museums, etc.) generate approximately 2,120 direct jobs. Other major business types include food and beverage, retail and transportation.



Source: InterVISTAS Consulting Inc.

DIRECT ANNUAL IMPACTS

- Over 1.5 million visitors annually¹
- 7,100 direct jobs
- \$279 million in spending annually
 - \$183 million on food & beverage, retail and local transportation²
 - \$15 million on entertainment²
 - \$81 million on accommodation³
- \$335 million direct GDP
- \$653 million total direct economic output
- \$100 million in tax revenue generated

1. Statistics Canada: Person-visits data from Travel Survey of Residents of Canada and International Travel Survey 2010.

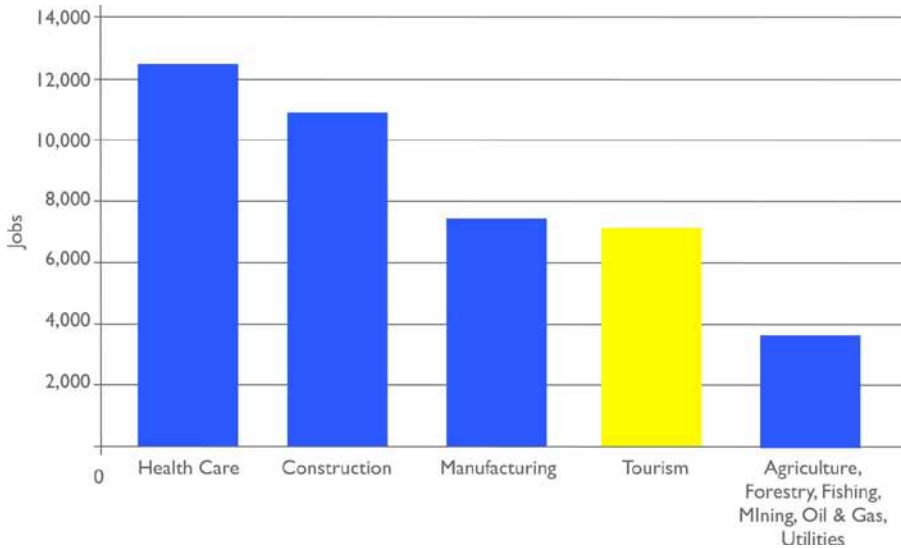
2. Based on data created from 2011 Visitor Survey Spending Profile conducted by Kettle Valley Research, survey conducted July/August 2011 and Statistics Canada visitation data.

3. BC Stats Hotel Room Revenue Data 2010.



Tourism Industry Compared to other Industries

The tourism industry is one of the largest employers in Kelowna, generating roughly the same number of jobs as manufacturing, and more than agriculture, forestry, fishing, mining, oil and gas, and utilities.



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

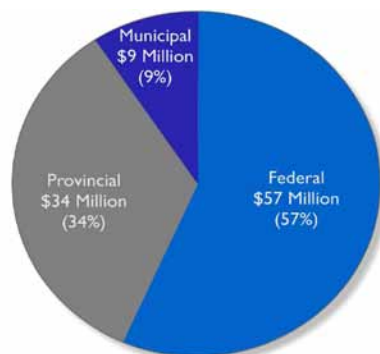
2011 vs. 2006

- Visitation +26.9%
- Direct Jobs +5.8%
- Tourist Spending -3.1%
- Direct GDP +50.2%
- Direct Economic output +68.7%
- Tax revenue +12.4%

Taxation Impacts of Tourism

In addition to direct, indirect and induced economic impacts, tourism activity also generates tax revenues. This includes revenues received by the federal, provincial and municipal governments.

- The overall tax revenue contribution to all levels of government generated by the employment and visitor spending impacts within the tourism sector represents about **\$100 million** yearly.
- The federal government is the largest recipient of tax revenues, receiving about **\$57 million** (57% of the total).
- The provincial government received approximately **\$34 million** in tax revenue (34% of total tax revenue).
- The municipal government received close to **\$9 million** in taxes (9% of total).



Total Annual Tax Contribution = \$100 Million

Source: InterVISTAS Consulting Inc.



CONTACT

Tourism Kelowna
 #214 - 1626 Richter Street
 Kelowna, BC V1Y 2M3 Canada

250-861-1515
 info@tourismkelowna.com
 www.tourismkelowna.com

Prepared by
InterVISTAS
 CONSULTING GROUP