



TRAVEL
Penticton

ECONOMIC IMPACT OF TOURISM IN THE PENTICTON AREA

2023-2024

PREPARED FOR TRAVEL PENTICTON
Technical Report

InterVISTAS

Contents

1	Introduction	1
1.1	Purpose of the Study	1
1.2	The Penticton Area	1
1.3	What is Economic Impact?	2
1.4	Categories of Economic Impact	3
1.5	Scope of the Study	4
2	State of the Tourism Industry in Penticton	6
2.1	Industry Overview	6
2.2	Seasonality	7
2.3	Visitors to Penticton	9
2.4	Expiration of Pandemic Support for Business	10
2.5	Challenges for Local Tourism Businesses	10
3	Economic Impact Methodology	15
3.1	Overview	15
3.2	Direct Employment of Core Tourism Businesses	16
3.3	Other Visitor Spending Impact	17
3.4	Modelling Economic Impact	18
3.5	Direct Tax Revenue Impact	19
3.6	Study Time Frame	19
4	Economic Impact of Tourism in Penticton	20
4.1	Direct Economic Impact	20
4.2	Indirect and Induced Economic Impact	24
4.3	Total Economic Impact	24
5	Direct Tax Impact of Tourism in the Penticton Area	26
5.1	Introduction	26
5.2	Tax Contributions by Taxpayer	27
5.3	Tax Contributions by Level of Government	27
	Appendix A: Membership Survey	29
	Appendix B: Inferred Employment	36
	Appendix C: Tax Revenues Attributable to Tourism in Penticton	37
	Appendix D: Glossary of Terms	42

1 Introduction

1.1 Purpose of the Study

Travel Penticton commissioned InterVISTAS Consulting Inc (InterVISTAS) to undertake an economic impact analysis of tourism in Penticton and the surrounding area, based on the most recent annual data as of 2023-24.¹ The core purpose of the study was to estimate the contribution by tourism in generating and supporting employment and economic activity. Additionally, the study examined the broader state of tourism in Penticton, leveraging insights from local businesses on how the sector has evolved in recent years. The results of this study aim to contextualize the current economic footprint of tourism in Penticton within key trends affecting tourism-serving businesses including changes in the local labour market and broader socio-economic factors affecting local business growth.

1.2 The Penticton Area

Penticton is located in the southern half of British Columbia's Okanagan Valley, nestled between the region's iconic Okanagan Lake and Skaha Lake. As a tourism market, the Penticton area encompasses the City of Penticton and its broader metropolitan area, as well as key towns and attractions within the immediate area including the Naramata wine region, Skaha Lake and Skaha Bluffs, Kaleden, Okanagan Falls, and Apex Mountain Resort (herein referred to as the Penticton area, or the study area), as shown in **Figure 1-1**.

The area is a popular outdoor and leisure getaway, accessible via highway with a one-hour drive time from the U.S. border to the south and four-hour drive time from Vancouver in the west. The region is also served by Penticton Airport (YYF), a regional facility offering daily flights to Vancouver and Calgary.

The Penticton area's population is approximately 50,000 as of the 2021 Census, growing by 8.8% since the 2016 Census.² The region's residents are located predominantly with the City of Penticton (36,900 as of the 2021 Census) with smaller residential pockets located throughout the Penticton 1 reserve, Skaha Lake areas, Okanagan Falls, Kaleden, Naramata, and Apex.

¹ The economic impact of core tourism businesses in the region – including accommodations, wineries, and other attractions/entertainment – were based on a survey of Travel Penticton members in 2024. The latest annual estimate of visitor traffic, as well as visitor spending on other sectors such as food and beverage, retail, and local ground transportation, were based on the most recent available data from Statistics Canada and supplementary sources covering the twelve months ended March 2024. As a result, the economic impact figures in this study are annualized results reflecting tourism traffic and operations spanning across 2023 and 2024.

² Statistics Canada, Census 2021, cited in the Destination Canada Tourism Data Collective, TourismScapes Dashboard for the City of Penticton and surrounding census subdivisions of Penticton 1, Okanagan-Similkameen D, Okanagan-Similkameen E, Okanagan-Similkameen F, and Okanagan-Similkameen I. <https://www.tourismdatacollective.ca/tourismscapes/dashboard>

Figure 1-1: Map of the Penticton Study Area



1.3 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), an economic activity, or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with tourism in the Penticton area.

Economic impact can be measured in various ways including employment, labour income, Gross Domestic Product (GDP), and economic output, as summarized in **Figure 1-2**. The importance of Penticton'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 understanding the size of the tourism sector within the economy.

Figure 1-2: Measures of Economic Impact

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

1.4 Categories of Economic Impact

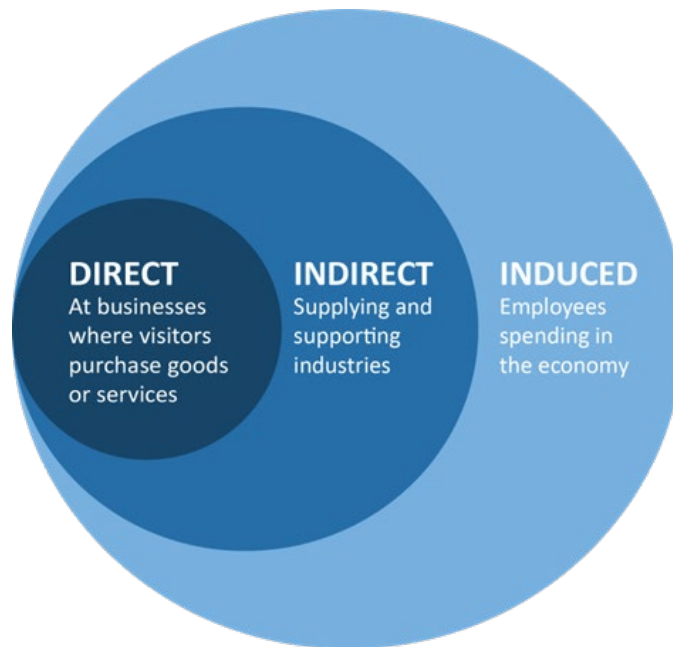
The three major components of economic impact of this study are classified as *direct*, *indirect*, and *induced* impacts, which collectively capture the economic impact of Penticton's tourism industry to the local and provincial economy. **Figure 1-3** illustrates the various elements that account for 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 Penticton, a salesperson at a souvenir shop that serves tourists in Penticton, a tour guide for one of Penticton's outdoor attractions, etc.). For businesses that serve visitors as well as residents, a share of their employment would be associated with tourism (e.g. a portion of a retail store's or restaurant's employment may be attributable to tourism based on

how much the business depends on sales to tourists). Without tourism demand, these businesses would be smaller and have fewer employees.

- **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 Penticton (i.e. any businesses that supply or provide services to those firms directly serving Penticton'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 Penticton. 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



1.5 Scope of the Study

Tourism in the Penticton area supports employment and operations related to accommodations, attractions, and other sectors within the region. This study estimated the economic impact and tax impact generated by tourism using the following approach:

- **Employment Impacts:** economic impact associated with employment by core tourism businesses that largely focus on serving visitors to the area. This includes: accommodations, conference and meeting facilities/services, wineries/breweries/cideries, events and festivals, other arts and entertainment attractions, outdoor activities, adventure tourism, and guided tour operators. Not all of these businesses are exclusively dependent on tourism, but they all contribute in large part to the local tourism sector.
- **Other Visitor Spending Impacts:** economic impact generated by visitor spending in the Penticton area, beyond what is already captured by the businesses noted above, in businesses that serve both visitors and the local population. This includes visitor spending on food and beverage establishments, in retail stores, and on local ground transportation.
- **Tax Impacts:** tax revenues generated by the direct employment impacts and other visitor spending impacts of Penticton's tourism sector.



The economic impact of tourism in the Penticton Area includes employment and operations by core tourism businesses (accommodations, attractions, events, and entertainment), along with visitor spending in other sectors (food and beverage, retail, and local ground transportation)

Evan Wishloff/Visit Penticton

2 State of the Tourism Industry in Penticton

2.1 Industry Overview

The Penticton area offers a unique experience within the Okanagan Valley for visitors looking to play, work, or relax and enjoy some local culture.

The Penticton area's great outdoors – including beachfront access on multiple lakes, a trail system that incorporates the renowned Kettle Valley Rail Trail, Apex Mountain, and Skaha Bluffs – are made all-the-more accessible by dozens of local businesses offering tour guide services, equipment rentals, transportation, and any other support needed to explore nature year-round.

Characteristic of the Okanagan, the Penticton area's winery scene is a major draw for visitors as well, with over 80 wineries located within a 20-minute drive of the City of Penticton including the Naramata Bench corridor.³ Beyond wine, however, the region has supported a sizable local supply of craft breweries, cideries, and specialty distilleries with diverse artisan offerings.

The region also boasts an established schedule of festivals and events, a casino, and the venue capacity to support conventions, conferences, shows, sporting competitions, and other large-scale entertainment. The City of Penticton alone hosted around 180 events in 2024, including over 30 recurring signature events that draw large non-local crowds such as the Penticton Peach Festival, Pacific Northwest Elvis Festival, and the Canadian Sport School Hockey League (CSSHL) Western Championships, along with numerous other occasions throughout the year. The Penticton Trade and Convention Centre is the largest exhibit venue in British Columbia's interior region, with 60,000 square feet of meeting space and over 55,000 total Event Participant Days during the year ended June 2023.⁴ Similarly, the 5,000-seat South Okanagan Events Centre and surrounding complex hosts major sporting events, concerts, trade shows, and cultural events. The Penticton Lakeside Resort & Conference Centre offers a scenic and convenient location for meetings and events in downtown Penticton, with nearly 300 hotel rooms, a conference centre with 32,000 square feet of meeting space, and multiple restaurants available onsite. Finally, these larger facilities are rounded out by other conference centres, meeting spaces, event planners, and other resources available to support any event or show in the region.

A variety of paid accommodation options complement the region's attractions and entertainment, located throughout the Penticton area alongside hundreds of local dining and retail businesses.⁵

Accommodations capacity is estimated to exceed 2,000 rooms in hotels, motels, and resort stays, along with other options such as bed and breakfasts, vacation rentals, camping, and RV parks.⁶ Penticton's short-term rental supply is believed to also contribute a sizable portion of accommodation capacity. As a result, the region is likely to be affected by the provincial short-term rental regulations, effective May 2024, which limit short-term rentals within principal residences only, thus prohibiting potentially hundreds of units in the City of Penticton alone.⁷

³ Travel Penticton. (<https://www.visitpenticton.com/event/>)

⁴ Event Participant Days = total participants at all events held in the facility. Most recent data available. DestinationBC, Tourism Industry Dashboard. (<https://www.destinationbc.ca/tourism-industry-dashboard/>)

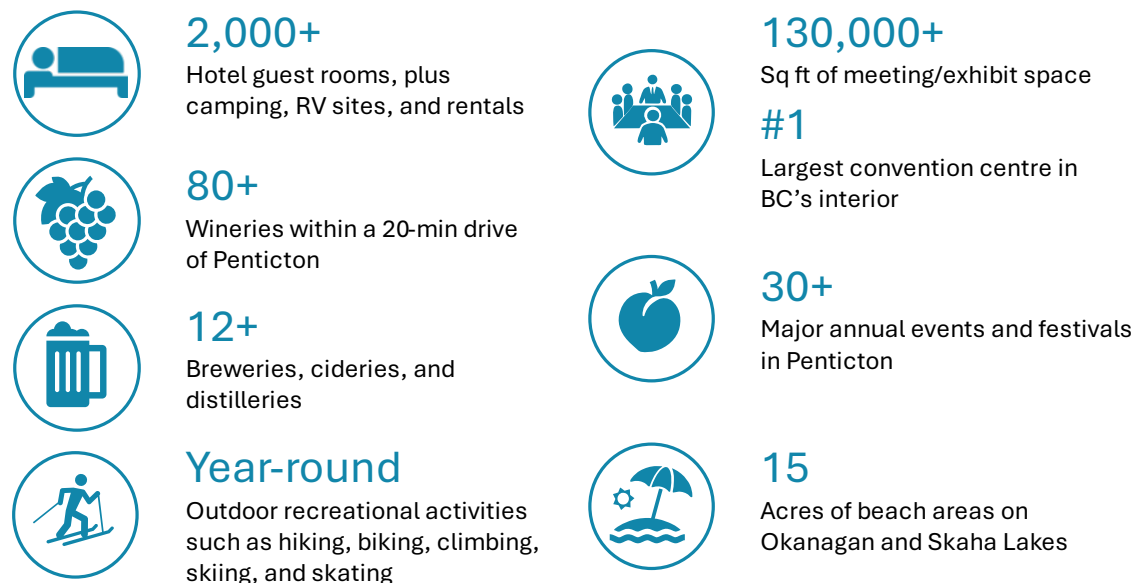
⁵ Food and beverage and retail business count estimates from Statistics Canada, Canadian Business Counts.

⁶ Travel Penticton Membership Survey 2024; DestinationBC, Tourism Industry Dashboard. (<https://www.destinationbc.ca/tourism-industry-dashboard/>)

⁷ <https://globalnews.ca/news/10377040/penticton-no-leeway-short-term-rental-regulations/>; <https://www.penticton.ca/business-building/business-licences-permits/short-term-rentals>

Figure 2-1 summarizes the diversity of businesses and attractions that contribute to Penticton's tourism industry.

Figure 2-1: Key Attractions and Amenities for Penticton Area Tourism



Sources: Travel Penticton; Meet In Penticton.

Altogether, the tourism sector forms a substantial portion of the local economy. According to Destination Canada's TourismScapes Dashboard, the City of Penticton has a High tourism prevalence, based on an index comparing three factors across all destinations in Canada: 1) the number of accommodations, 2) tourism intensity based on total accommodations per capita, and 3) tourism specialization based on the proportion of tourism-related employment versus other industries.⁸ A High rating means that Penticton's tourism prevalence is more than 3 times higher than the national average across all destinations in the country. This is consistent with other major destinations throughout the Okanagan region including Kelowna, which also has a High tourism prevalence ranking.

2.2 Seasonality

While the Penticton area offers year-round attractions and events, the local economy experiences a clear peak in tourism demand throughout the summer months. Destination Canada's TourismScapes Dashboard identifies the Okanagan-Similkameen Tourism Region (which includes the Penticton area) as a "highly seasonal" destination, denoted by high fluctuations in visitor spending throughout the year with approximately 60% of annual visitor spend in the region occurring within just four months from June through September.⁹

Similarly, hotel and short-term rental revenues in Penticton and nearby areas indicate summer seasonal peaks for visitor traffic staying in paid accommodations, as shown by average daily rate (ADR) data on the average amounts paid per room shown in **Figure 2-2**. While not explicitly highlighted here, it should

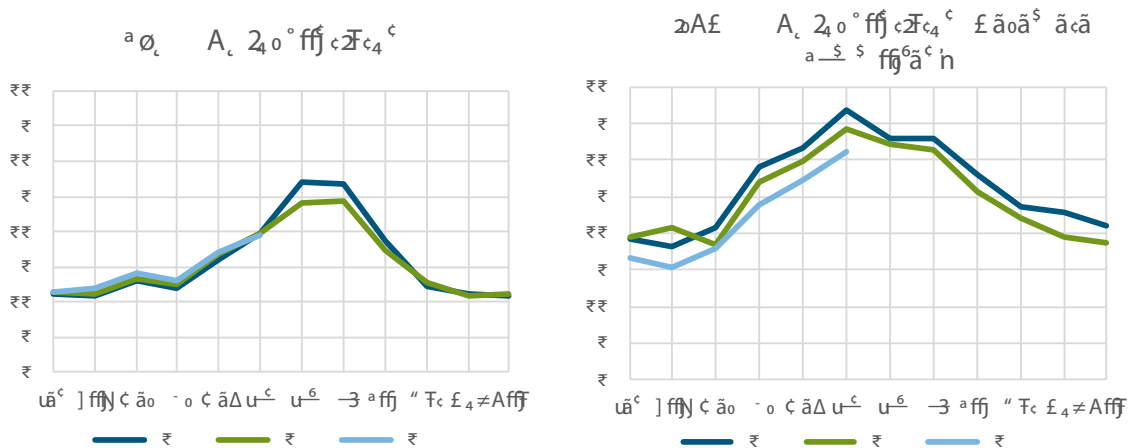
⁸ Destination Canada Tourism Data Collective, TourismScapes Dashboard.

<https://www.tourismdatacollective.ca/tourismscapes/dashboard>

⁹ 2-year monthly averages from Destination Canada, Lodging Aligned Spending Report, 2022 reported by Destination Canada Tourism Data Collective, TourismScapes Dashboard. <https://www.tourismdatacollective.ca/tourismscapes/dashboard>

be noted that occupancy and growth for short-term rentals (STRs) in 2024 were affected by the STR restrictions effective May 1, 2024, as previously described, by way of prohibiting capacity from secondary residences which likely operated during peak tourism periods. Additional regulations, such as the BC STR Registry which will introduce provincial registration requirements and fees starting in May 2025, are likely to further affect STR development.¹⁰

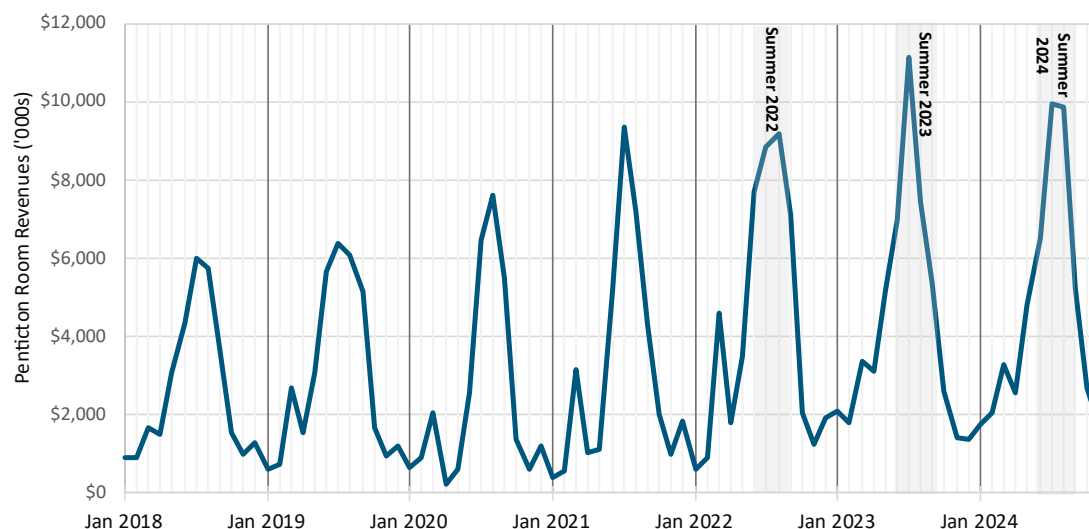
Figure 2-2: Average Daily Rate (ADR) in Penticton and Nearby Regions, 2022-24



Source: Symphony Tourism Services, Travel Penticton Dashboard Highlights.

Based on calculations by the Province of British Columbia using Municipal and Regional District Tax (MRDT) collections, shown in **Figure 2-3**, on average 62% of annual room revenues in Penticton were generated from June through September in each of the past three years (2022-24).

Figure 2-3: Penticton Room Revenues Calculated from MRDT, 2018-24



Source: Government of British Columbia, BC Stats Tourism Room Revenue subject to MRDT by Jurisdiction.

Notes: Not all regions within the Penticton study area are subject to MRDT. In 2022, the MRDT rate in the City of Penticton was increased from 2% to 3%.

¹⁰ <https://www.penticton.ca/business-building/business-licences-permits/short-term-rentals>

Addressing tourism seasonality remains a priority within the Penticton area, and work is being done by stakeholders to round out the region as a year-round destination. Meet in Penticton, the dedicated local convention bureau, was established in 2022 to help with this effort, specifically in pursuit of Meetings, Incentives, Conferences, and Exhibitions (MICE) business to help stimulate the tourism economy throughout non-peak seasons. In its first two years of operation, the Meet in Penticton initiative has helped grow event bookings primarily for the September to June time periods.¹¹

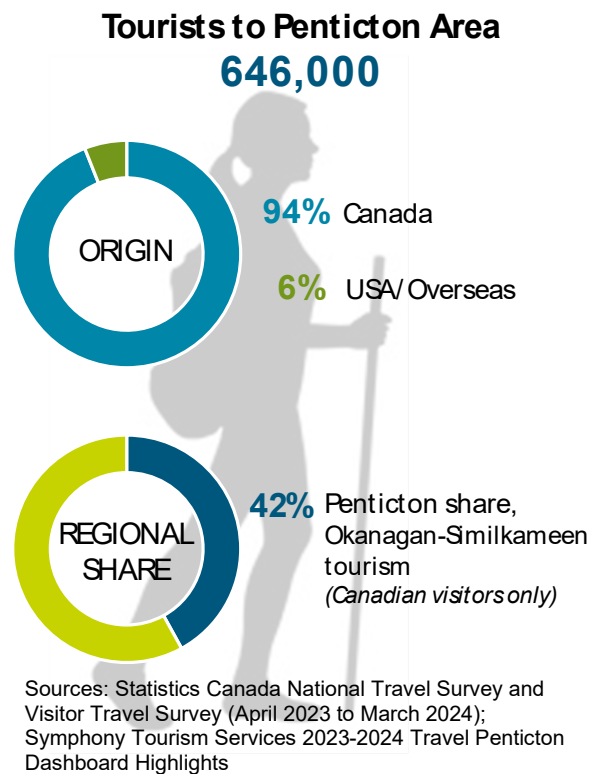
2.3 Visitors to Penticton

Using the most recent data available from Statistics Canada and supplementary sources, there were an estimated 646,000 visitors to the Penticton area during the twelve months ended March 2024 (2023-24).¹² This includes both same-day and overnight visits.

The vast majority of visitor traffic to the Penticton area is attributable to Canadian visitors (94% or 607,000 visits) with the remainder attributable to international visitors from the U.S. or overseas (6% or 39,000 visits). According to Statistics Canada's National Travel Survey, Canadian visitors to the Penticton area amounted to approximately 42% of all Canadian visitor traffic to the Okanagan-Similkameen census division region covering as far north as Summerland down to the U.S. southern border including Oliver, Keremeos, and Osoyoos.

In terms of overall visits, Canadian visitation to the Penticton region has rebounded since the onset of the COVID-19 pandemic, with 2023-24 visits exceeding pre-COVID 2019 levels by nearly 7%.¹³ However, the general makeup of visitation to the region differs from 2019, and the effects of the pandemic on the industry have persisted. While Statistics Canada's seasonal data and breakdowns by same-day vs. overnight traffic are of limited statistical reliability (given the geographic granularity of the study region), their estimates indicate that the bulk of recovery in Canadian visitation has come from the Fall and Winter seasons – predominantly same-day holiday-related travel which has bumped overall visit counts – whereas leisure visitation during the Spring and peak Summer months still lags behind 2019 levels. In turn, these differences can affect the overall demand by visitors for local goods and services.

Figure 2-4: 2023-24 Penticton Visitor Traffic



¹¹ Source: Travel Penticton 2023 Year in Review (<https://travelpenticton.com/wp-content/uploads/2024/06/2023-Year-in-Review-FINAL.pdf>)

¹² Sources: InterVISTAS analysis of Statistics Canada National Travel Survey, custom data extract for the Penticton Census Agglomeration (April 2023 to March 2024); Statistics Canada Visitor Travel Survey, custom data extract of air exit survey data for the Thompson-Okanagan Tourism Region (April 2023 to March 2024); Symphony Tourism Services, 2023-2024 Travel Penticton Dashboard Highlights; Statistics Canada Visitor Travel Survey data for the Province of British Columbia (April 2023 to March 2024).

¹³ Source: Statistics Canada National Travel Survey, custom data extract for the Penticton Census Agglomeration (April 2023 to March 2024 vs. calendar year 2019).

Whether the Penticton region will continue to see a recovery in its visitor profile to pre-COVID characteristics, or the latest 2023-24 demographics indicate a “new normal” for the region’s tourism market (or some combination thereof) remains to be determined. Nationwide, the number of domestic trips taken by Canadians officially surpassed pre-pandemic 2019 levels in 2023,¹⁴ but the nature of these trips such as destinations chosen, trip lengths, and spending rates continue to be affected by broader macroeconomic factors including an extended period of higher inflation and interest rates dampening Canadians’ budgets for travel. Over the medium term, the industry faces uncertainty. On one hand, there will be opportunities for destinations including Penticton to attract more visitors, as boosted tourism demand from record levels of population growth across the country are expected to materialize.¹⁵ However, cost of living pressures and shifts in traveller behaviour may continue with new risks arising from the geopolitical climate and North American trade wars.

2.4 Expiration of Pandemic Support for Business

Along with the changing nature of tourism demand since COVID-19, as described in **Section 2.3**, tourism operations continue to face ongoing effects from the pandemic. Business support programs, largely delivered as subsidies and financing offered as a stopgap measure during the pandemic, have come to an end.¹⁶ Businesses are now contending with due dates for COVID loan repayments while many continue to face uncertain operational environments.¹⁷ As a result, business closures and limited growth have persisted throughout the Penticton tourism sector into 2023-24.

2.5 Challenges for Local Tourism Businesses

Tourism growth and development is subject to a variety of external influencers, both macro and local in nature. For the Penticton area, challenges to the tourism sector in recent years include weather events such as wildfires (not necessarily local ones but any which affect travel perceptions about the Okanagan), climate change, changes in traveller behaviour and expectations since the pandemic, and broader socio-economic factors including increases to the cost of living which affects travellers’ personal spending capacity as well as suppliers’ cost of doing business.

For this study, Travel Penticton’s membership was interviewed about these challenges and the current state of operations, conducted through a focus group session in 2023 as well as a comprehensive survey of all members from Spring through Fall 2024 (2024 survey). Travel Penticton’s members encompass the core tourism-dependent sectors within the Penticton region including accommodations providers, wineries/breweries/cideries, convention and events operators, tour guides, attractions and entertainment, retailers, and restaurants and cafes. As part of the 2024 survey, respondents were also asked to identify

¹⁴ Statistics Canada National Travel Survey.

¹⁵ RBC Economics, June 2024. <https://thoughtleadership.rbc.com/proof-point-the-canadian-tourism-sector-is-struggling-to-stage-a-rebound/>

¹⁶ Some of the key initial support available to tourism-related businesses included the Canadian Emergency Wage Subsidy (CEWS) and the Canadian Emergency Business Account (CEBA), after which recovery-focused programs such as the Tourism and Hospitality Recovery Program (THRP) took effect but accounted for a relatively small share of support. <https://www150.statcan.gc.ca/n1/pub/13-605-x/2023001/article/00001-eng.htm>

¹⁷ For instance, many small businesses relied on the Canadian Emergency Business Account (CEBA) which provided an interest-free loan of up to \$60,000 with up to 33% of loan forgiveness if the loan was repaid by the end of 2023. Other resources included the Tourism Relief Fund (TRF) which expired in March 2023.

and describe the key challenges and risks facing their businesses. This section summarizes the insights provided by the tourism business community, reflecting input from over 140 respondents.¹⁸

Workforce Availability

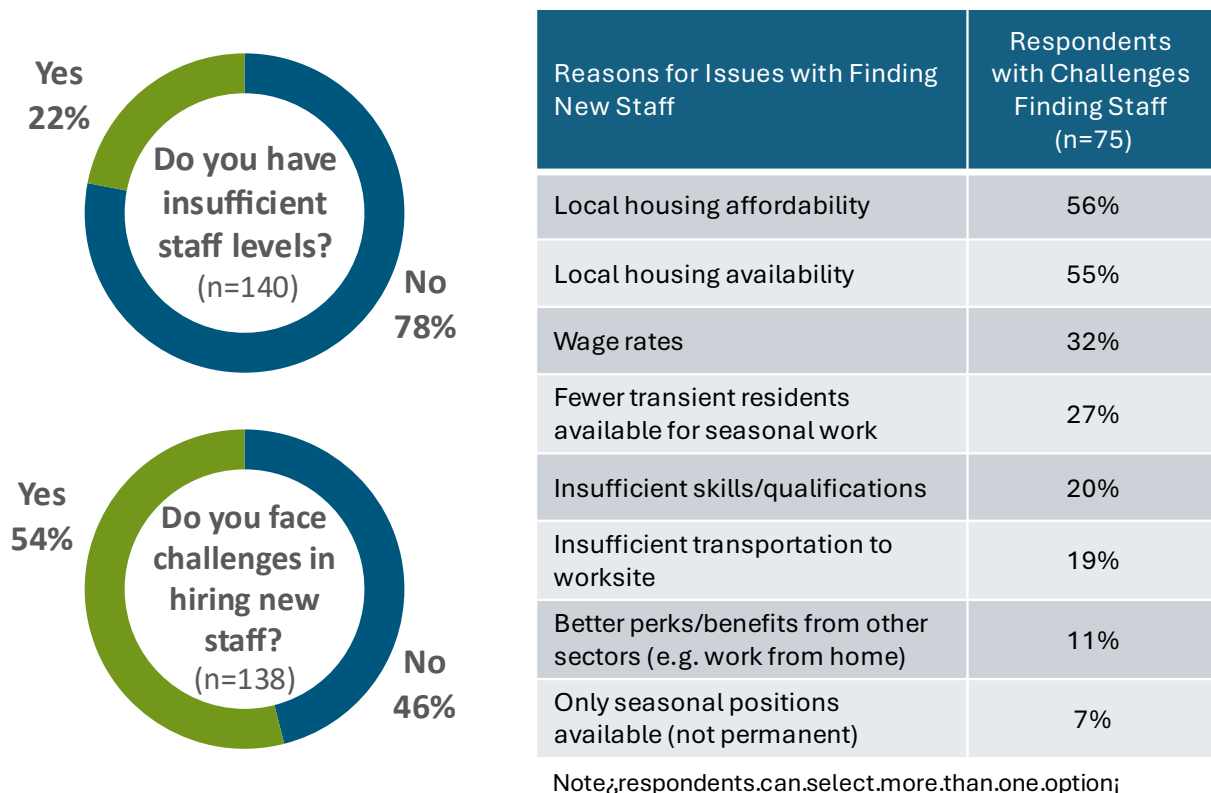
Labour market constraints have been identified, both locally in the Penticton area and nationwide, as an issue for the tourism sector's performance and recovery in the wake of the COVID-19 pandemic. Insights on local workforce availability by Travel Penticton members are summarized below and in **Figure 2-5**.

- **Staffing Levels:** 22% of respondents indicated that they did not currently have sufficient staffing levels to fully operate their business. These businesses reported a need for 25% more staff, on average, than current levels, with the bulk of demand for added staff occurring during the Summer seasonal peak rather than other seasons or year-round.
- **Recruitment & Hiring:** Despite most respondents having sufficient staffing levels currently, over half (54%) of respondents indicated that they faced challenges in finding or hiring new staff. This was reported by 75 businesses, most of which are located specifically within the Penticton area and account for approximately one-third of the estimated direct employment attributable to tourism.¹⁹ These respondents were not limited to any single sector but rather represented many tourism-serving businesses including accommodations, wineries, outdoor recreation and sports, events and festivals, food and beverage, and retail – indicative of broader prevailing challenges in the labour market. Local housing affordability and availability were listed most frequently by respondents as the key drivers for insufficient local labour supply, followed by wage rates (either loss of labour to higher-paying sectors, or local market wages being unable to cover the cost of living for employees), and an insufficient supply of temporary labour for seasonal work, and skills gaps among the local labour pool.
- **Competition for Staff:** 90% of respondents indicated that they primarily compete among themselves – i.e., local tourism-serving businesses – for staff, with a slightly higher rate of this competition coming from local food/beverage, retail, and attractions/entertainment businesses rather than other sectors such as accommodations. Around 10% of respondents indicated that they compete instead with either non-tourism businesses for staff, or with other tourism destinations looking for the same talent.

¹⁸ Response rates provided in this section pertain to the share of surveyed Travel Penticton members who answered a given question in the 2024 survey. Note that individual questions can have different response rates (i.e. respondents may answer one question but not another).

¹⁹ Refer to **Section 3.2** for the details on the estimated direct employment attributable to tourism in the Penticton area. Note that Travel Penticton's membership includes some businesses located outside of the Penticton study area but in nearby adjacent regions (e.g. Oliver). Responses provided by these members are included in this chapter as part of the broader tourism industry outlook; however, they are not counted as part of the economic impact analysis.

Figure 2-5: Travel Penticton Membership Survey – Workforce Availability



Source: Travel Penticton Membership Survey, 2023-24

Key Issues Affecting Tourism Growth

Travel Penticton members were asked to rank the key challenges or risks affecting growth in the region's tourism industry, based on a series of suggested options as well as write-in options provided by respondents. Respondents selected all options they deemed impactful, then ranked them in order. The results for each option were then tallied and weighted based on the number of times each option was selected by respondents, as well as the relative rankings chosen for each option. The results of this analysis are summarized in **Figure 2-6** below.

Cost of living (including housing affordability, general expenses such as fuel/gas, etc.) was identified by respondents as the most impactful challenge affecting growth in region's tourism industry. In all, 83% of respondents included cost of living among their selections, and it was ranked as the *most impactful* factor by the highest number of respondents (36%) relative to any other option; nearly 70% of all respondents ranked it within their top 3 most impactful factors. This concern by Penticton area businesses is reinforced by broader economic data on the region. According to Destination Canada's TourismScapes Dashboard, high cost of living is an impediment for the resident population. One indicator of this includes shelter expenses, with 27.6% of households in the Penticton area spending 30% or more of their income on

or variety), competition from other tourism destinations, and issues with local infrastructure such as transportation and accessibility. Each of these challenges was identified by more than half of respondents.

Additionally, there were several other challenges which some respondents identified as highly impactful. These include local weather events and climate change, government regulations (e.g., taxation, emergency protocols, short-term rental restrictions, etc.), and media coverage. Although these challenges were write-in options identified by a minority of respondents (15% or fewer), they were highly ranked by those respondents as among the most impactful.

Further Support Needed

To round out their assessment of the state of the tourism sector, Travel Penticton members were asked to comment on any further support (from government, industry associations, etc.) needed to help ensure the future viability of their businesses. A selection of these comments, focusing on the most frequent themes mentioned by respondents, are provided below.

Figure 2-7: Travel Penticton Membership Survey – Support Needed to Ensure Viability, Selected

Government

- More cautious emergency protocols, e.g. refrain from implementing travel bans due to wildfires too early or too broadly.
- Tax breaks or financial assistance when businesses are shut down due to wildfires or for agriculture businesses with poor yields from weather events.
- Allowance for short-term rentals. With Airbnb supply down, hotel costs are unsuitable for many visitors.
- Subsidized housing and enhanced support (e.g. specialized employment insurance) for seasonal employees.
- Events hosting grants and grants supporting volunteer participation and in-kind support for events and arts.
- Lower taxation and regulatory hurdles for small businesses so we can use our own money to invest in ourselves.
- Transportation funding including public transit on the weekends, lower in-town parking rates, and grants for local small businesses especially to ski areas.

Promotions and Media Coverage

- Positive media messaging to promote the region to more markets as well as to overcome our “Smokanagan” reputation.
- Collaborative effort with media to ensure accurate reporting on our local area.
- Greater promotional support for events in the area during non-summer months.
- More marketing, education, and promotions to the local community to help support year-round sustainability.
- Tourism marketing that features unique retail and small businesses, not just wineries.

Other

- More creative approaches to bringing tourism during off-season.
- Penticton needs to evolve into a year-round destination.
- Collaboration with schools and colleges for student jobs or learning placements.
- Develop a strategy for local businesses to compete with online shopping.
- Longer opening hours for retail and food/beverage businesses.

Note: comments have been consolidated and lightly edited for readability.

3 Economic Impact Methodology



SUMMARY

- **79% of tourism related businesses (209 Travel Penticton members) responded** to the 2024 employment survey
- **Visitation counts and other visitor expenditures (food and beverage, retail, local transportation) from Statistics Canada and supplementary sources** for the twelve months ended March 2024
- Study time frame: annual tourism economic impact based on 2023 and 2024 data
- Economic multipliers and ratios for 2019, source: Statistics Canada

3.1 Overview

This study estimates the annual economic impact of Penticton's tourism related activities and operations. As a result of the combined data sources described below, the economic impact figures in this study are annual results reflecting tourism traffic and operations spanning across 2023 and 2024.

First, the direct impacts were developed from the following analyses:

- The direct employment of core tourism businesses in the region – including accommodations, wineries, and other attractions/entertainment – were based on a survey of Travel Penticton members involved in these businesses in 2024. These firms were provided with an online employment survey to complete, yielding estimates of the number of individuals employed in directly related occupations by tourism businesses in Penticton. Data for non-responding firms were conservatively inferred, as explained in **Section 3.2.2**.
- Visitor spending on other amenities in the Penticton area, including food and beverage, retail, and local transportation, were based on the most recent available data on visitor traffic and expenditures primarily from Statistics Canada's National Travel Survey and Visitor Travel Survey covering the twelve months ended March 2024. Statistics Canada's 2023-24 data on international (non-Canadian) visitors was incomplete, covering only air arrivals visiting the larger Thompson-Okanagan Tourism Region. As a result, this information was supplemented with other sources to estimate total international visitor traffic and expenditures in the Penticton area. This included custom data from Symphony Tourism Services for international visitors staying in paid accommodations in Penticton in 2023 and 2024, as well as broader provincial level data on international visitor trends from Statistics Canada.

Using these direct inputs, the indirect and induced effects were then estimated using economic multipliers and ratios maintained by Statistics Canada.²¹ These economic multipliers were also used to estimate direct impacts not measured by the above data such as the direct GDP of the core tourism businesses, the direct jobs from other visitor spending, etc.

²¹ The multipliers used for the analysis were 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 2024.

3.2 Direct Employment of Core Tourism Businesses

Tourism-related employment by accommodations, wineries, other attractions and entertainment, and tourism service providers in the Penticton area was first measured. Employment figures have the advantage of being easier data to collect, both because the firms are more likely to provide data on employment (as opposed to revenues and other monetary amounts), and because there is less chance of double-counting economic activity.

Employment data from these businesses and organizations were collected by surveying Travel Penticton membership, covering the region's tourism industry with 266 members in 2024.²² All members were provided with a survey asking about the scale of their operations in 2024, including total number of employees, employees by occupation, permanent versus seasonal employment, full time versus part time and contract employment, payroll and wages, and the percentage of revenues generated by visitors (i.e. spending by non-local customers).²³ The results of the survey data were then used to estimate the direct tourism-dependent employment, by multiplying each firm's total number of employees by their reported share of tourism-dependent revenues.²⁴

Note that Travel Penticton has some members belonging to other sectors, such as retail and dining establishments. To avoid overstating the estimates, these businesses were not included in the employment analysis and were instead captured via the analysis on other visitor spending, as described in **Section 3.3**.

3.2.1 Surveyed Direct Employment

Travel Penticton's membership was surveyed from Spring through Fall 2024. Surveys were completed online, and survey follow-up was conducted to prompt non-responding firms to complete the survey. Effort was focused on collecting input from the largest employers in the tourism and accommodations sectors operating in the Penticton area.

Of the 266 unique firms contacted, 209 of them answered the survey for an overall response rate of 79%.²⁵ Note that some respondents included members located outside of the Penticton study area (e.g. businesses in Osoyoos) as well as some firms involved in sectors which were separately captured by the visitor spend analysis described in **Section 3.3** (food and beverage, retail, and local transportation). The responses provided from these respondents were excluded from the direct employment analysis.

²² Note that Travel Penticton's membership includes some businesses located outside of the study area (i.e. businesses located outside the Penticton area but within the Okanagan-Similkameen or adjacent towns such as Oliver, Osoyoos, Keremeos, etc.). While these businesses may have answered the survey, their employment results were excluded from the economic impact analysis.

²³ Refer to **Appendix A** for a copy of the survey. Questions included the employment and operations data necessary for the economic impact analysis, as well as supplementary questions related to the state of local tourism. The results from the supplementary analysis are summarized in **Chapter 2**.

²⁴ Not all tourism-serving businesses rely 100% on tourists. For instance, a winery or brewery may indicate that only 40% of their revenues are dependent on tourists, with the remainder generated from local residents. Similarly, a convention or other event may have attendees from both the local population as well as non-local visitors. Tourism-dependent employment is therefore estimated based on survey respondents' overall employment levels weighted by the share of their business revenues which are generated specifically by non-local visitors.

²⁵ Firm count excludes members who were not applicable to this study, e.g. firms that went out of business in 2024, multiple members from the same company, etc.

Approximately 82% of the overall direct employment by Penticton's core tourism businesses (accommodations, wineries, and other attractions/entertainment) were covered by the survey respondents. Inferences were made for firms which did not answer the survey, as discussed in **Section 3.2.2**.

3.2.2 Inferred Direct Employment

For firms that did not respond to the survey, employment was conservatively estimated using a proven and accepted methodology.²⁶ This included referencing the survey results for firms of similar business types and sizes, as well as a review of any public information available for the non-respondents. There may be firms that were not surveyed because of their unknown existence, i.e. they were not part of the Travel Penticton membership. For wineries, Travel Penticton provided a comprehensive list of the region's non-member wineries, for which employment was inferred based on publicly available information and the survey results for comparable member wineries. Employment for non-members in other business types was not estimated because there was no basis for assessment. However, it is expected that the volume of missed employment would be minimal.

For Penticton's core tourism businesses (accommodations, wineries, and other attractions/entertainment), 18% of overall direct employment was inferred.

3.3 Other Visitor Spending Impact

Beyond the impact associated with core tourism businesses in the region, visitors generated additional economic impact by spending money on other goods and services during their stay. This included local expenditures on food and beverage, retail, and transportation (e.g. gas, taxis, public transit, etc.) within the Penticton area.

Visitor expenditure data on these items was collected from a variety of sources, predominantly relying on Statistics Canada survey data for the most relevant geography available.

- Expenditures by Canadian visitors (the bulk of visitor traffic to the Penticton region) were sourced from a custom data extract from Statistics Canada's National Travel Survey (NTS) for the Penticton census agglomeration covering the twelve months ended March 2024 (the most recent available data). This NTS data included total expenditures as well as estimated breakdowns of spending by category. The estimated shares of spending by category were compared to the equivalent NTS custom data extract covering the year 2019, to ensure the estimated shares of total expenditure attributable to food and beverage, retail, and local transportation were sufficient.²⁷
- Expenditures by non-Canadian visitors (U.S. and overseas visitors) were estimated using data from the Statistics Canada Visitor Travel Survey (VTS) covering the twelve months ended March 2024 (the most recent available data) as well as custom data developed for Travel Penticton by Symphony Tourism Services for international visitors staying in paid accommodations in Penticton in 2023 and 2024. VTS data from Statistics Canada was not available for the Penticton study area specifically, but traffic and

²⁶ Details on our methodology for inferring employment is provided in **Appendix B**.

²⁷ Given lower sample sizes, some specific spend categories (e.g. retail spend on clothing) were suppressed in the 2023-24 data. These suppressed categories were reconciled with the 2019 data, which did not have the same data suppression, to ensure each spend category was sufficiently accounted for.

total expenditures was available for the broader Thompson-Okanagan Tourism Region for visitors to that region which entered Canada by commercial air service. The study team referred to supplementary sources to estimate the proportion of this traffic and spend attributable to the Penticton area, as well as to estimate other visitor flows such as U.S. visitors who entered Canada by land. This included reference to the Symphony data on international visitor traffic to Penticton as well as provincial level VTS data on the relative shares of expenditures by category.

- The Statistics Canada data did not include expenditures related to air transportation; therefore, local impacts associated with visitors flying via Penticton Airport (YYF) were separately estimated based on local employment at YYF associated with serving passenger traffic and supporting data on the airport's split of inbound (non-resident) versus outbound travel flows.

Total annual spending by visitors amounted to an estimated \$147 million specifically on food/beverage, retail, and local transportation – not including amounts spent on accommodations, wineries, or other attractions/entertainment as these impacts were already accounted for in the employment survey analysis discussed in **Section 3.2**.

3.4 Modelling Economic Impact

Using the direct inputs measured in the survey and expenditure analysis, Statistics Canada Input-Output multipliers were then used to estimate the remaining economic impacts. These multipliers were used to estimate the indirect and induced effects, as well as certain direct impacts such as the direct GDP of the core tourism businesses, the direct jobs from other visitor spending, etc.

Indirect and Induced 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.

As an alternative to costly and inaccurate surveys, indirect and induced impacts are typically measured using economic multipliers derived from economic, statistical, and/or accounting models of the general economy. Because multipliers can differ in definition and application, care must be exercised in choosing the appropriate set of multipliers to use. Factors affecting the use of multipliers in analysis, and taken into account in this study, include:

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

2019 Statistics Canada Input-Output Multipliers

The multipliers used for the analysis were based on Statistics Canada economic multipliers for British Columbia from the 2019 Interprovincial Input-Output model, which is recommended by Statistics Canada as the most appropriate to capture impacts associated with current economic conditions.²⁸ These multipliers were updated with Consumer Price Indices to account for inflation to 2024. Multiplier impacts are presented at the provincial level.

3.5 Direct Tax Revenue Impact

Tourism activity in Penticton 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 were *directly* associated with Penticton's tourism industry were also estimated. This includes taxes paid by direct employers and employees (such as payroll taxes) and an estimation on municipal taxes paid such as local property taxes. Estimated tax revenues use 2023 tax rates in the computations.²⁹

3.6 Study Time Frame

The economic impact figures in this study are annual results reflecting tourism traffic and operations spanning across 2023 and 2024 (referred throughout this report as 2023-24 impact).³⁰

²⁸ While multipliers and ratios are available for the year 2020, guidance from Statistics Canada is to only use the 2020 data for assessments that occur within that year, due to the extraordinary circumstances of the COVID-19 global pandemic. (<https://www150.statcan.gc.ca/n1/daily-quotidien/231208/dq231208f-eng.htm>)

²⁹ The employment and other assumptions on which tax revenues calculations were based are described in **Appendix C**.

³⁰ The economic impact of core tourism businesses in the region – including accommodations, wineries, and other attractions/entertainment – were based on a survey of Travel Penticton members in 2024. The latest annual estimate of visitor traffic, as well as visitor spending on other sectors such as food and beverage, retail, and local ground transportation, were based on the most recent available data from Statistics Canada and supplementary sources covering the twelve months ended March 2024. As a result, the economic impact figures in this study are annualized results reflecting tourism traffic and operations spanning across 2023 and 2024.

4 Economic Impact of Tourism in Penticton



SUMMARY

In 2023-24, **annual direct tourism activity in Penticton** supported:

- 3,630 direct jobs
- \$156 million in direct labour income
- \$273 million in direct gross domestic product (GDP)
- \$545 million in direct economic output

4.1 Direct Economic Impact

Direct employment related to Penticton's tourism industry in 2023-24 amounted to 3,630 direct jobs. Employees working directly in Penticton's tourism industry received an estimated \$156 million in labour income, at an average of \$42,900 per job. This compares to the provincial average annual earnings of \$63,100 in BC and a national average of \$62,700 in 2023.³¹ These findings reflect particular characteristics of the tourism industry including a large share of entry-level positions offered by tourism businesses (e.g. jobs in tourism are often the first employment opportunities available to young people who are just entering the workforce), as well as a high prevalence of seasonal and/or part-time positions rather than year-round or full-time equivalent work. For instance, respondents to the Travel Penticton membership survey indicated that approximately 38% of their payroll employees were seasonal staff, and approximately 46% of their payroll employees were part-time (whether seasonal or permanent).





The direct employment from operations in Penticton's tourism industry generated \$273 million in direct GDP and \$545 million in direct economic output for the local economy. The summary of the direct economic impact of tourism in the Penticton area is summarized in **Figure 4-1**.



*In 2023-24, tourism in
the Penticton area supported
3,630 direct jobs,
and contributed
\$273 million in direct GDP*

³¹ Statistics Canada, Table 14-10-0204-01, Average weekly earnings by industry (all industries), 2023, calculated for annual earnings.

Figure 4-1: Direct Impact of Penticton's Tourism Industry, 2023-24

				
Component	Employment (Jobs)	Labour Income (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	780	\$34	\$69	\$119
Wineries	540	\$29	\$81	\$172
Other Tourism Related*	780	\$34	\$45	\$106
Visitor Spending**	1,530	\$59	\$78	\$147
Total Direct	3,630	\$156	\$273	\$545

Notes:

*Other Tourism Related reflects other core tourism businesses. This includes events, attractions, outdoor activities, tour operators, and other organizations involved in the tourism sector.

**An estimated 1,530 direct jobs are associated with visitor spending that takes place in the Penticton area related to expenditures on food & beverage, retail, and local transportation.

Note: figures may not sum to totals due to rounding.

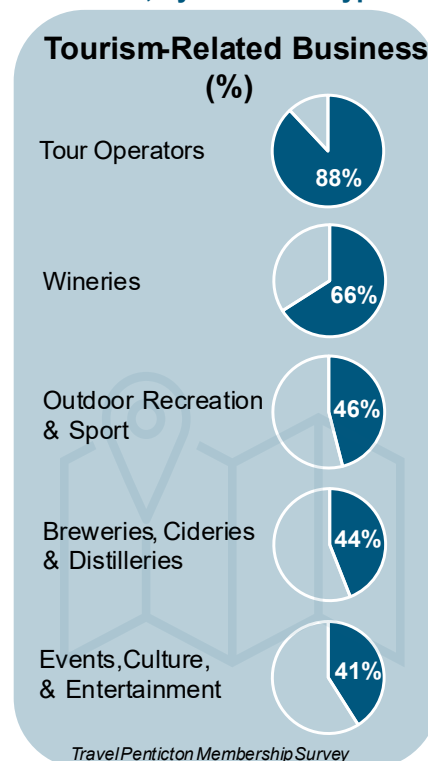
4.1.1 Direct Employment by Business Type

A breakdown of direct tourism-related employment by business type provides insight into the different industries that contribute to tourism in Penticton. The direct employment impact from tourism represents the portion of employment in each sector which is supported by visitors to the Penticton area, namely the share of business derived from sales by visitors rather than residents, as shown in **Figure 4-2**. For instance, wineries in the Penticton area indicated that, on average, two-thirds of their business was dependent on tourism.

Tourism-related direct employment by each business type includes the following:

- **Food and Beverage** accounted for 910 jobs or 25% of direct employment. This includes employment supported by visitor spending at restaurants and bars, coffee shops, and grocery stores.
- **Accommodations** employment accounted for 780 jobs or 21% of direct employment.

Figure 4-2: Share of Revenues Dependent on Tourism, by Business Type



- **Wineries** accounted for 540 jobs or 15% of direct employment.
- **Local Transportation** accounted for 370 jobs or 10% of direct employment. This includes taxi, bus, car rental and fuel expenditures in the Penticton area, as well as a share of passenger operations at Penticton Airport (YYF), which provides air connectivity for visitors and residents alike with commercial service from Vancouver and Calgary.
- **Events, Culture, and Entertainment** accounted for 270 jobs or 7% of direct employment. This includes employment at events, conferences, the casino, theatres, galleries, museums, and other arts and entertainment-related businesses.
- **Shopping/Retail** employment supported by visitor expenditures accounted for 250 jobs or 7% of direct employment.
- **Outdoor Recreation and Sport** accounted for 230 jobs or 6% of direct employment. These include skiing and winter facilities, golf courses, bike and gear rentals, and other sport and adventure tourism.
- **Other Tourist Attractions & Services** accounted for 190 jobs or 5% of direct employment. This includes guided tour operators, family attractions, heritage sites, gardens, and other services such as the DMO.
- **Breweries, Cideries & Distilleries** accounted for 90 jobs and 2% of direct employment.

A breakdown of direct employment in Penticton's tourism industry, by business type, is illustrated in **Figure 4-3**.

Figure 4-3: Tourism Related Direct Employment in the Penticton Area by Business Type, 2023-24

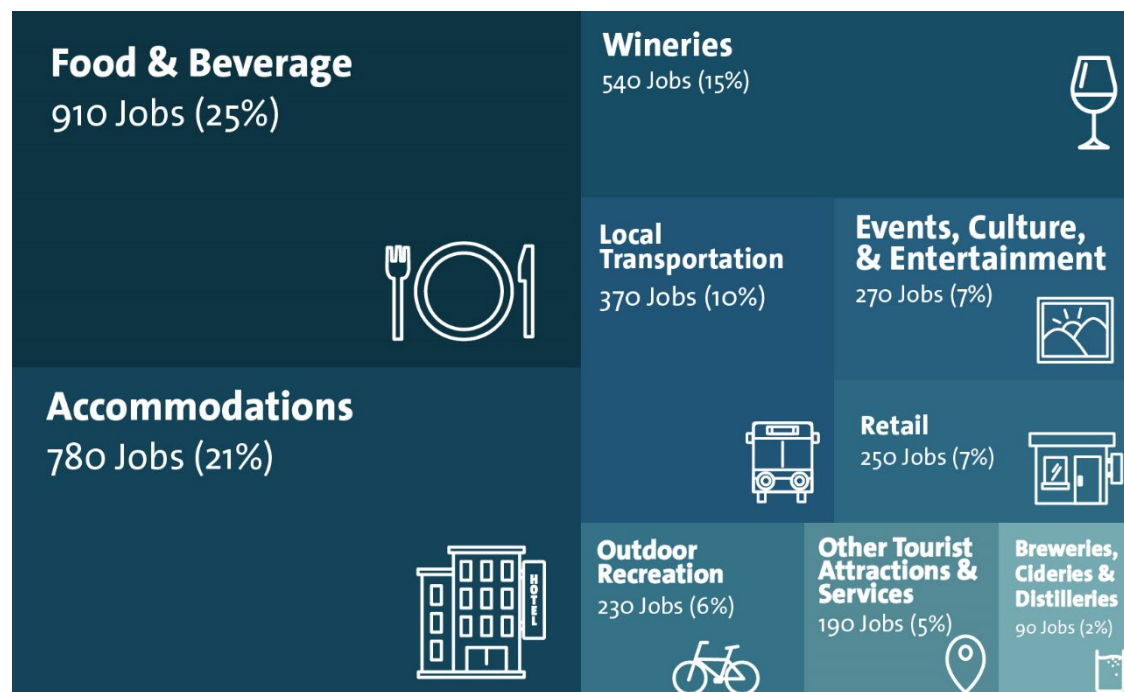
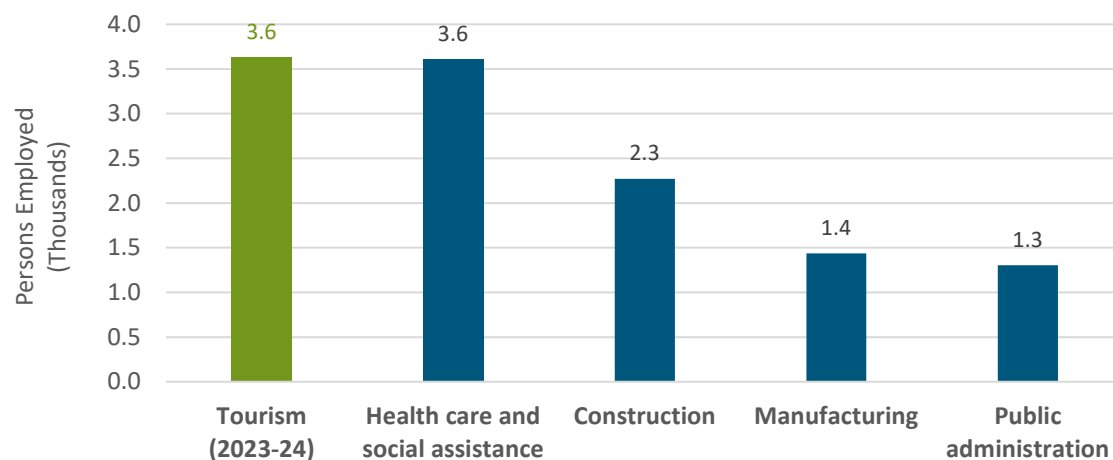


Figure 4-4 below compares direct employment by the tourism industry relative to selected other industries in the Penticton area, using data for the other industries as of the 2021 Census.³² With an estimated 3,630 direct jobs, employment from tourism activities is similar in scale to the local healthcare industry and exceeded the region's construction, manufacturing, and public administration industries.

Overall, direct employment from tourism activities accounted for an estimated 17% of total employment in the Penticton area.³³ This is more than double the national average of 8%.³⁴

Figure 4-4: Employment in Tourism versus Other Industries in the Penticton Area



Note: Caution advised given the comparison is between different years.

Sources: 2023-24 direct tourism jobs per **Figure 4-1**. 2021 jobs in other industries per Statistics Canada, Focus on Geography Series, 2021 Census for the City of Penticton and all surrounding areas within the study region.



Nathan Penner/Travel Penticton

*Direct employment from tourism
accounted for an estimated
17% of jobs
in the Penticton Area*

³² Caution is advised given the comparison is between different years. 2021 data for other industries is the most recent available for the Penticton census agglomeration and Okanagan-Similkameen E (regional district electoral area) which collectively represent the bulk of the Penticton study area. Source: Statistics Canada, Census 2021, Distribution of the employed labour force aged 15 years and over by industry sectors.

³³ Based on the 2023-24 direct job counts from this study relative to 2021 Census data on job counts for other industries. Caution is advised given the comparison is between different years.

³⁴ Destination Canada Tourism Data Collective, TourismScapes Dashboard.

<https://www.tourismdatacollective.ca/tourismscapes/dashboard>

4.1.2 Local Supply Chain and Community Investment

Tourism-serving businesses in the Penticton area not only provide a major source of employment in the region but are also locally entrenched operators with a vested interest in the community. According to respondents to the Travel Penticton Membership Survey 2024:

- On average, 63% of their suppliers are located within the Okanagan region.³⁵
- Over 70% of Travel Penticton members reinvested their revenues and time into the local community by way of charitable donations and in-kind contributions to local organizations or events.³⁶

4.2 Indirect and Induced Economic Impact

The economic impact of the Penticton area's tourism industry does not end with the direct impacts, as other sectors of the economy are affected as well. This includes indirect impacts in businesses that supply the goods and services to the direct activities linked to tourism in Penticton, and induced impacts resulting from direct and indirect employees spending their wages in the general economy. Therefore, the total economic impact of the Penticton area's tourism industry includes the sum of direct, indirect, and induced effects.

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 1,020 indirect jobs were supported by Penticton area tourism in 2023-24. This means that 1,020 jobs were indirectly generated in industries that provide supplies to the Penticton area's tourism sector. The labour income associated with indirect employment was estimated at \$64 million. Indirect GDP was estimated at \$112 million and indirect economic output at \$206 million.

4.2.2 Induced Impacts

Induced employment results from the demand for goods and services (e.g., spending in the general economy) generated by wages of employees directly or indirectly linked to the Penticton area's tourism industry. The induced employment attributable to tourism in the Penticton area in 2023-24 was estimated at 690 jobs, generating \$38 million in labour income. Induced GDP and induced economic output amounted to \$96 million and \$146 million, respectively, in 2023-24.

4.3 Total Economic Impact


In 2023-24, the Penticton area's tourism sector generated a total of 5,340 jobs and \$258 million in labour income including direct, induced, and indirect effects. Further, tourism in the Penticton area supported

³⁵ N=102, Penticton area members only. Travel Penticton Membership Survey 2024.

³⁶ Ibid.

\$481 million in total GDP and \$897 million in total economic output throughout British Columbia. **Figure 4-5** summarizes the total economic impact of tourism in the Penticton area in 2023-24.

Figure 4-5: Total Economic Impact of Tourism in the Penticton Area, 2023-24



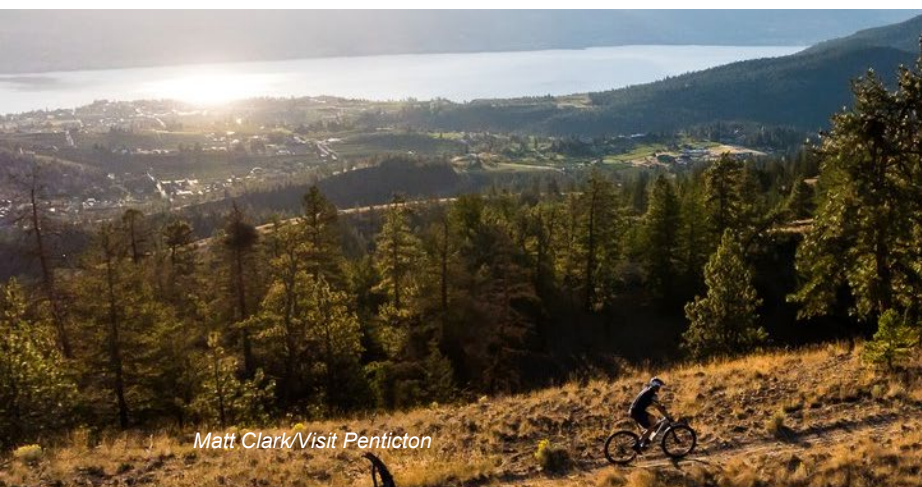
Component	Employment (Jobs)	Labour Income (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	780	\$34	\$69	\$119
Wineries	540	\$29	\$81	\$172
Other Tourism Related*	780	\$34	\$45	\$106
Visitor Spending**	1,530	\$59	\$78	\$147
Total Direct	3,630	\$156	\$273	\$545
Indirect	1,020	\$64	\$112	\$206
Induced	690	\$38	\$96	\$146
Grand Total	5,340	\$258	\$481	\$897

Notes:

*Other tourism businesses reflect the share of employment supported by non-local visitors related to events, attractions, outdoor activities, tour operators, and other organizations involved in the tourism sector.

**An estimated 1,530 direct jobs were associated with visitor spending that takes place in the Penticton area related to expenditures on food & beverage, retail, and local transportation.

Note: figures may not sum to totals due to rounding.



Matt Clark/Visit Penticton

*In total, businesses directly related to tourism
(direct impacts),
together with their suppliers
(indirect impacts),
and spending by employees
(induced impacts),
supported 5,340 jobs.*

5 Direct Tax Impact of Tourism in the Penticton Area



SUMMARY

Contribution to government revenues directly related to tourism in Penticton exceeded **\$99 million in 2023-24**, including:

- Federal Government: \$64 million (65% of total)
- Provincial Government: \$30 million (30% of total)
- Municipal Government: \$5 million (5% of total)

5.1 Introduction

This chapter documents the contribution to government revenues resulting from tourism in the Penticton area and associated economic activity. This includes estimated 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 include income and payroll taxes as well as social insurance contributions (such as employment insurance premiums) for all direct employment in the tourism sector. They also include corporate income taxes, municipal fees for short-term rentals (STRs), and an estimate of property taxes paid by firms and employees in the tourism sector.
- **Taxes paid by visitors to the Penticton area.** Payments include the Municipal and Regional District Tax (MRDT) on accommodations as well as sales taxes (GST/PST) paid on accommodations and other goods and services purchased by visitors (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. In particular, 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, which were estimated using multipliers and lack the same level of detail collected for the direct 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

Based on 2023-24 operations, tourism related employees and employers contributed an estimated \$81 million in government revenues, accounting for 81% of the tax contributions associated with tourism. The remaining 19% of taxation revenues was generated by sales taxes levied on taxable expenditures made by tourists on accommodations, retail, food and beverage, entertainment, and local transportation. Total taxes paid by tourists, employers, and employees in Penticton's tourism industry were estimated at \$99 million. **Figure 5-1** provides a summary of tax contributions by taxpayer.

Figure 5-1: Tax Contributions from Tourism in Penticton Area by Taxpayer, 2023-24

Taxpayer	Federal (\$ Millions)	Provincial (\$ Millions)	Municipal (\$ Millions)	Total (\$ Millions)
Tourism Employees and Employers	\$55	\$22	\$4	\$81
Tourists	\$9	\$8	\$1	\$18
Total	\$64	\$30	\$5	\$99

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

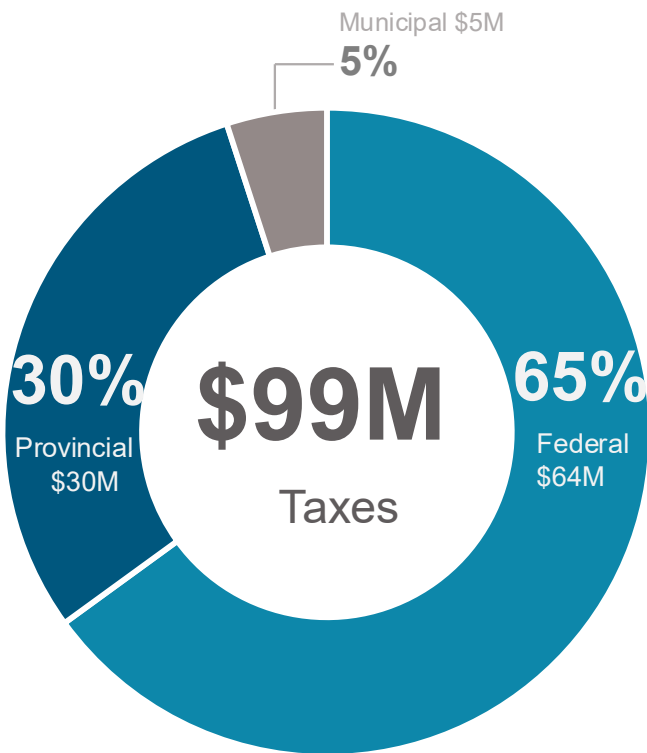
5.3 Tax Contributions by Level of Government

Economic activity by Penticton's tourism industry generated tax revenue for all levels of government.

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 \$64 million (65% of tax impacts). The majority was attributable to taxes paid by employers and employees such as income tax, corporate income tax, and social insurance contributions.
- The provincial government received \$30 million (30% of tax impacts) primarily from payroll and income taxes and PST associated with visitor spending.
- The municipal government collected the remaining \$5 million in tax revenue (5% of tax impacts) in the form of property taxes paid by businesses and tourism sector employees, as well as the Municipal and Regional District Tax (MRDT) and short-term rental (STR) license fees.

Figure 5-2: Tax Contributions from Tourism in Penticton Area by Level of Government, 2023-24



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

Appendix A: Membership Survey

Page 1

TRAVEL
Penticton
Travel Penticton
 Tourism Economic Impact Study

2024

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="radio"/> Accommodations (go to Question 1A) | <input type="radio"/> Health & Wellness (e.g., spa) |
| <input type="radio"/> Art, Culture & Entertainment | <input type="radio"/> Golf Course |
| <input type="radio"/> Breweries, Cideries & Distilleries | <input type="radio"/> Tourist Attraction (e.g., family attraction, orchards, gardens, etc.) |
| <input type="radio"/> Conference & Meeting Facilities/ Services | <input type="radio"/> Outdoor Recreation, Sport and Adventure Tourism |
| <input type="radio"/> Transportation Services | <input type="radio"/> Tourism Trade (e.g., Destination Marketing Organizations) |
| <input type="radio"/> Retail | <input type="radio"/> Other (please specify below): <input type="text"/> |
| <input type="radio"/> Guided Tour Operator | |
| <input type="radio"/> Travel Agency | |
| <input type="radio"/> Food & Beverage Services (incl. takeout) (go to Question 1B) | |
| <input type="radio"/> 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 proportion of your total business revenues that are generated from 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):		%
---	--	---

Q3. Employment at Your Company

Please state the total number of employees you will have in 2024. Please include current employees and anticipated new hires (e.g., expected seasonal summer positions in 2024). This figure should include full-time, part-time, and seasonal work, as well as employees working on contract.

Total Number of Employees (2024):	
-----------------------------------	--

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 permanent employees, how many hours per week will they work?

Average 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 (2024).

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

<div>TRAVEL Penticton</div>	<div>Travel Penticton</div> <div>Tourism Economic Impact Study</div>	2024
---------------------------------	--	------

For seasonal workers, how many weeks and how many hours per week will they work?

Average Number of Weeks Per Year:	
Average 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.).

During which seasons do you hire seasonal workers? (Select all that apply).

☐ Spring

☐ Summer

☐ Fall

☐ Winter

C. **Contract Employees:** if you pay some individuals through a contract, as opposed to through payroll, please indicate the number of such employees, how many hours per week they are expected to work in 2024, and how many weeks expected to work in 2024, on average.

	Number of Contract Employees	Number of Weeks per Year	Number of Weekly Hours
Contract Employees			

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, seasonal, and contract employees listed in Q3A, Q3B, and Q3C should equal the number of total employees in Q3.

Q4. Salaries and Wages

Please estimate the average salary or wage per employee to be paid by your company in 2024. This should pertain to all employees on your payroll (full-time, part-time, and seasonal).

For salaried employees: Provide an estimate of the average annual salary per employee:

\$ _____

OR

Indicate the average salary range per employee:

- | | |
|--|---|
| <input type="radio"/> Less than \$20,000 | <input type="radio"/> \$60,000 to \$80,000 |
| <input type="radio"/> \$20,000 to \$40,000 | <input type="radio"/> \$80,000 to \$100,000 |
| <input type="radio"/> \$40,000 to \$60,000 | <input type="radio"/> More than \$100,000 |

For hourly employees: Provide an estimate of the average hourly wage:

\$ _____ per hour

Q5. Employment by Job Category

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

Employment by Job Category	Number 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): _____	

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

- ☐ Spring
- ☐ Summer
- ☐ Fall
- ☐ Winter

Q6A. *Accommodations providers only:* For each season you operate, please indicate the average length of stay and average party size per booking, based on current bookings made for 2024:

Season (2024)	Average Length of Stay (# Nights) per Booking	Average Party Size (# Occupants) per Booking
Spring		
Summer		
Fall		
Winter		

Q7. Workforce Availability

Q7A. Do you have sufficient staffing levels to fully operate your business?

- ☐ Yes
- ☐ No

If No, how much more staff do you ideally need?

% more staff needed than currently employed

If No, during which seasons are you short-staffed? (Select all that apply)

- ☐ Spring
- ☐ Summer
- ☐ Fall
- ☐ Winter

Q7B. Do you have challenges in finding/hiring new staff?

- ☐ Yes
☐ No

If Yes, what do you think are the key reasons for this? (Select all that apply)

- ☐ Local housing availability
☐ Wage rates
☐ Transportation to/from work site
☐ Perks or benefits from other employers (e.g. work-from-home)
☐ Other (please describe): _____
- ☐ Local housing affordability
☐ Fewer transient residents available for seasonal work

Q7C. Please indicate which industries/businesses you compete with for staff, if any:

- ☐ Other local tourist attractions
☐ Other local accommodations
☐ Other local food/beverage or retail businesses
☐ Non-tourism businesses (please describe): _____
☐ Other (please describe): _____

Q8. What are the key challenges or risks affecting growth in the region's tourism industry? (Please select any that apply and rank your selections on a scale starting from 1 = most impactful)

- ____ Cost of living in the region
____ Crime rates in the region
____ Local infrastructure (e.g., transportation and accessibility)
____ Pandemic-related recovery
____ Seasonality of tourism in the region
____ Competition from other tourism destinations
____ Labour supply shortage – not enough local resident supply
____ Labour supply shortage – not enough temporary/foreign workers
____ Not enough accommodations capacity
____ Other #1 (please describe): _____

Other #2 (please describe):

Other #3 (please describe):

Q9. How much of your business is locally driven?

% of my suppliers are located within the Okanagan region.

% of my revenues are reinvested into the local community (e.g., charitable donations, time/expertise donated to local organizations or events, etc.)

Q10. What further support would you like (e.g., government, industry associations, etc.) to ensure the future viability of your business?

Q11. Additional Comments?

Thank you for your assistance in completing this survey.

Please return the completed survey by email to:

Email: travelpentictonsurvey@intervistas.com

If you have any questions, please call Kathryn Tooley at 604-717-1810
or Doris Mak at 604-717-1838.

Appendix B: Inferred Employment

This appendix describes how employment was inferred for non-responding tourism related firms in the Travel Penticton Membership Survey.

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.³⁷

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 (e.g. wineries) 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.

³⁷ 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: Tax Revenues Attributable to Tourism in Penticton

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 tax revenues were based on the 2023-24 tourism estimates developed as part of the economic impact analysis, and by applying 2023 tax rates.

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 the Penticton area. 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 tourism-serving businesses and organisations, and the contributions of spending by visitors. The direct employment used for the calculations of the tax revenue paid by employers and employees was 3,630 jobs. The total payroll was estimated at \$156 million. The contributions by visitors were based on estimates of the taxable portions of spending by the 646,000 total visitors to the Penticton area in 2023-24.

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 was assumed to pay tax as a single tax filer. Estimated income tax payable was \$14 million in federal tax and \$5 million in provincial tax.

The average tax rates used were derived from the more detailed calculations of taxes payable shown in **Table C-1**. In those calculations, assumptions were 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 were calculated from Revenue Canada, *General Income Tax Forms, 2023*.

Table C-2: B.C. Single Tax Filer Income Tax Calculation – 2023

BC - British Columbia Single Tax Filer Income Tax Calculation																				
Income																				
Employment	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00	\$ 30,000.00	\$ 35,000.00	\$ 40,000.00	\$ 45,000.00	\$ 50,000.00	\$ 55,000.00	\$ 60,000.00	\$ 70,000.00	\$ 80,000.00	\$ 90,000.00	\$ 100,000.00	\$ 150,000.00	\$ 250,000.00	\$ 350,000.00	
TOTAL	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00	\$ 30,000.00	\$ 35,000.00	\$ 40,000.00	\$ 45,000.00	\$ 50,000.00	\$ 55,000.00	\$ 60,000.00	\$ 70,000.00	\$ 80,000.00	\$ 90,000.00	\$ 100,000.00	\$ 150,000.00	\$ 250,000.00	\$ 350,000.00	
Deductions																				
RSP	\$ 1,123.37	\$ 246.19	\$ 267.60	\$ 188.55	\$ 221.00	\$ 251.39	\$ 340.68	\$ 432.10	\$ 550.93	\$ 700.67	\$ 955.59	\$ 1,210.99	\$ 1,615.60	\$ 2,122.07	\$ 2,739.82	\$ 3,431.33	\$ 5,883.97	\$ 12,065.40	\$ 23,134.80	
RPP	\$ 1,073.91	\$ 75.36	\$ 86.00	\$ 45.82	\$ 48.77	\$ 64.71	\$ 104.42	\$ 173.80	\$ 289.48	\$ 445.79	\$ 647.82	\$ 806.66	\$ 1,088.63	\$ 1,496.71	\$ 1,988.99	\$ 2,669.11	\$ 3,745.05	\$ 7,067.07	\$ 14,277.67	
Carrying Charges	\$ 448.37	\$ 142.31	\$ 156.77	\$ 59.36	\$ 48.03	\$ 48.47	\$ 63.98	\$ 85.36	\$ 113.40	\$ 151.75	\$ 200.80	\$ 237.95	\$ 295.49	\$ 378.81	\$ 480.80	\$ 611.39	\$ 961.94	\$ 1,849.52	\$ 3,649.99	
Union	\$ 1,573.10	\$ 277.92	\$ 278.79	\$ 128.66	\$ 121.88	\$ 120.96	\$ 134.28	\$ 145.90	\$ 172.61	\$ 189.75	\$ 239.56	\$ 270.66	\$ 308.09	\$ 373.23	\$ 470.27	\$ 530.55	\$ 804.12	\$ 1,858.40	\$ 3,702.12	
TOTAL	\$ 4,218.75	\$ 741.79	\$ 789.17	\$ 422.39	\$ 439.68	\$ 485.52	\$ 643.37	\$ 837.16	\$ 1,126.41	\$ 1,487.97	\$ 2,043.77	\$ 2,526.26	\$ 3,307.81	\$ 4,370.82	\$ 5,679.88	\$ 7,242.38	\$ 9,995.08	\$ 16,340.39	\$ 32,314.57	
Taxable Income	\$ 781.25	\$ 9,258.21	\$ 14,210.83	\$ 19,577.61	\$ 24,560.32	\$ 29,514.48	\$ 34,356.63	\$ 39,162.84	\$ 43,873.59	\$ 48,512.03	\$ 52,956.23	\$ 57,473.74	\$ 66,692.19	\$ 75,629.18	\$ 84,320.12	\$ 92,757.62	\$ 140,004.92	\$ 233,659.61	\$ 317,685.43	
Credits																				
Basic Federal	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	
Basic Provincial	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	\$ 11,981.00	
CPP	\$ 5,955.71	\$ 1,076.54	\$ 1,341.14	\$ 990.80	\$ 527.07	\$ 548.75	\$ 726.92	\$ 889.50	\$ 1,065.72	\$ 1,244.23	\$ 1,498.30	\$ 1,694.05	\$ 1,926.81	\$ 2,027.44	\$ 2,098.40	\$ 2,221.85	\$ 2,234.13	\$ 2,038.53	\$ 1,737.96	
EI	\$ 2,386.68	\$ 538.76	\$ 587.31	\$ 232.41	\$ 193.52	\$ 195.81	\$ 252.32	\$ 302.72	\$ 358.09	\$ 412.99	\$ 492.25	\$ 548.05	\$ 583.88	\$ 607.38	\$ 624.21	\$ 655.43	\$ 645.71	\$ 535.16	\$ 401.89	
Charity	\$ 13.32	\$ 6.64	\$ 12.51	\$ 14.23	\$ 22.60	\$ 30.75	\$ 42.95	\$ 55.27	\$ 67.57	\$ 77.22	\$ 90.51	\$ 100.90	\$ 118.92	\$ 144.30	\$ 163.49	\$ 179.98	\$ 242.93	\$ 467.89	\$ 855.63	
Fed. Total	\$ 23,355.71	\$ 16,621.94	\$ 16,940.96	\$ 15,837.44	\$ 15,743.19	\$ 15,755.31	\$ 16,027.19	\$ 16,247.49	\$ 16,491.39	\$ 16,734.45	\$ 17,081.06	\$ 17,343.00	\$ 17,629.61	\$ 17,779.12	\$ 17,886.10	\$ 18,057.25	\$ 18,122.77	\$ 18,041.59	\$ 17,995.48	
Prov. Total	\$ 20,336.71	\$ 13,602.94	\$ 13,921.96	\$ 12,818.44	\$ 12,724.19	\$ 12,756.31	\$ 13,003.19	\$ 13,228.49	\$ 13,472.39	\$ 13,715.45	\$ 14,062.06	\$ 14,324.00	\$ 14,610.61	\$ 14,760.12	\$ 14,867.10	\$ 15,038.25	\$ 15,103.77	\$ 15,022.59	\$ 18,976.48	
Federal Tax Credit Rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
Provincial Tax Credit Rate	5.06%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Federal Credits	\$ 3,503.36	\$ 2,493.29	\$ 2,541.14	\$ 2,375.62	\$ 2,361.48	\$ 2,366.30	\$ 2,403.33	\$ 2,437.12	\$ 2,473.71	\$ 2,510.17	\$ 2,562.16	\$ 2,601.45	\$ 2,644.44	\$ 2,666.87	\$ 2,682.91	\$ 2,708.59	\$ 2,718.42	\$ 2,706.24	\$ 3,299.32	
Provincial Credits	\$ 1,029.04	\$ 688.31	\$ 704.45	\$ 648.61	\$ 643.84	\$ 645.47	\$ 657.96	\$ 669.36	\$ 681.70	\$ 694.00	\$ 711.54	\$ 724.79	\$ 739.30	\$ 746.86	\$ 752.28	\$ 760.94	\$ 764.25	\$ 760.14	\$ 960.21	
Tax Payable																				
Federal - Bracket 1	\$ 117.19	\$ 1,388.73	\$ 2,131.62	\$ 2,936.64	\$ 3,684.05	\$ 4,427.17	\$ 5,153.49	\$ 5,874.43	\$ 6,581.04	\$ 7,276.80	\$ 7,943.43	\$ 8,603.85	\$ 9,264.44	\$ 9,925.03	\$ 10,585.62	\$ 11,246.21	\$ 11,906.80	\$ 12,567.39	\$ 13,227.98	
Federal - Bracket 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 843.52	\$ 2,733.30	\$ 4,565.39	\$ 8,076.72	\$ 10,938.39	\$ 10,938.39	\$ 10,938.39	
Federal - Bracket 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,265.38	\$ 15,265.38	
Federal - Bracket 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,786.59	\$ 20,371.05	
Federal - Bracket 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,063.44	
Federal Total	\$ 117.19	\$ 1,388.73	\$ 2,131.62	\$ 2,936.64	\$ 3,684.05	\$ 4,427.17	\$ 5,153.49	\$ 5,874.43	\$ 6,581.04	\$ 7,276.80	\$ 7,943.43	\$ 8,603.85	\$ 9,264.44	\$ 9,925.03	\$ 10,585.62	\$ 11,246.21	\$ 11,906.80	\$ 12,567.39	\$ 13,227.98	
Basic Federal	\$ -	\$ -	\$ -	\$ -	\$ 561.02	\$ 1,322.57	\$ 2,060.88	\$ 2,750.17	\$ 3,437.30	\$ 4,107.33	\$ 4,766.64	\$ 5,381.28	\$ 6,245.92	\$ 8,092.71	\$ 9,902.37	\$ 11,667.97	\$ 13,371.98	\$ 24,878.68	\$ 51,287.97	
BC - British Columbia - Bracket 1	\$ 39.53	\$ 468.47	\$ 719.07	\$ 990.63	\$ 1,242.75	\$ 1,493.43	\$ 1,738.45	\$ 1,981.64	\$ 2,220.00	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	\$ 2,310.09	
BC - British Columbia - Bracket 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220.07	\$ 562.27	\$ 910.12	\$ 1,619.94	\$ 2,310.09	\$ 2,977.29	\$ 3,515.51	\$ 3,515.51	\$ 3,515.51	\$ 3,515.51	
BC - British Columbia - Bracket 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150.00	\$ -	\$ -	\$ 1,420.13	\$ 1,420.13	\$ 1,420.13	\$ 1,420.13	
BC - British Columbia - Bracket 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,760.83	\$ 2,760.83	\$ 2,760.83	\$ 2,760.83	
BC - British Columbia - Bracket 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,867.77	\$ 6,659.54	\$ 6,659.54	\$ 6,659.54	
BC - British Columbia - Bracket 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,257.68	\$ 24,374.02	
BC - British Columbia - Bracket 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,778.73	\$ 15,778.73	
BC - British Columbia - Bracket 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
BC - British Columbia Total	\$ 39.53	\$ 468.47	\$ 719.07	\$ 990.63	\$ 1,242.75	\$ 1,493.43	\$ 1,738.45	\$ 1,981.64	\$ 2,220.00	\$ 2,530.16	\$ 2,872.36	\$ 3,220.21	\$ 3,930.03	\$ 4,618.18	\$ 5,287.38	\$ 5,977.60	\$ 11,874.32	\$ 26,923.77	\$ 56,818.85	
Basic Provincial	\$ -	\$ -	\$ -	\$ 14.62	\$ 942.01	\$ 988.91	\$ 847.96	\$ 1,080.48	\$ 1,312.28	\$ 1,538.30	\$ 1,836.16	\$ 2,160.82	\$ 2,495.42	\$ 3,190.74	\$ 3,871.32	\$ 4,535.11	\$ 5,216.67	\$ 11,110.07	\$ 55,858.64	
TOTAL TAX PAYABLE	\$ -	\$ -	\$ 14.62	\$ 960.04	\$ 1,921.48	\$ 2,908.84	\$ 3,830.65	\$ 4,749.58	\$ 5,645.63	\$ 6,602.80	\$ 7,542.10	\$ 8,741.34	\$ 11,283.45	\$ 13,773.69	\$ 16,203.07	\$ 18,588.65	\$ 35,988.76	\$ 77,451.60	\$ 134,201.43	
Average Rate of Tax	0.0%	0.0%	0.1%	4.0%	7.8%	9.9%	11.1%	12.1%	12.9%	13.6%	14.2%	15.2%	16.9%	18.2%	19.2%	20.0%	25.7%	33.1%	42.2%	
Federal	0.0%	0.0%	0.0%	2.9%	5.4%	7.0%	8.0%	8.8%	9.4%	9.8%	10.2%	10.9%	12.1%	13.1%	13.8%	14.4%	17.8%	21.9%	24.7%	
Provincial	0.0%	0.0%	0.1%	1.7%	2.4%	2.9%	3.1%	3.4%	3.5%	3.8%	4.1%	4.3%	4.8%	5.1%	5.4%	5.6%	7.9%	11.2%	17.6%	

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 was used.
2. In British Columbia, the federal corporate income tax collected per employee was \$4,657 and the provincial corporate income tax collected per employee was \$3,295 in 2023.
3. Assuming all companies pay tax at the average rate per employee calculated above, the 2023-24 corporation income tax liability was estimated to be \$17 million toward federal revenues and \$12 million toward provincial revenues. The estimated total corporate income tax revenue was about \$29 million as shown in **Table C-2**.

Table C-2: Estimated Corporate Income Tax Paid by the Tourism Industry, 2023-24

Government	Revenue (\$ '000s)
Federal	16,928
Provincial	11,977
Total	28,905

Employment Insurance Premiums

Tax base and rates. In 2023, employees in Canada paid employment insurance (EI) premiums equal to 1.63% of earnings up to a maximum of \$1,002 per year. (Maximum insurable earnings are \$61,500). Employers paid EI premiums equal to 1.4 times employee premiums.

Estimation Method and Results

The employee premium rate was applied to total payroll costs for employees earning less than \$61,500 per year. The maximum contribution was used for employees earning more than \$61,500 per year. Estimated employee payments were approximately \$2.5 million in 2023-24.

The employer rate was applied to the employee payments. Estimated employer payments were approximately \$3.6 million in 2023-24.

Canada Pension Plan Contributions

Tax base and rates. In 2023, employee contributions for the Canada Pension Plan (CPP) were 5.95% of pensionable earnings. Pensionable earnings are actual earnings up to a maximum of \$66,600 less \$3,500, for a maximum contributory earnings of \$63,100. The maximum annual employee contribution is \$3,754. The employer contribution is the same as the employee contribution.

Estimation Method and Results

The employee contribution rate was applied to average payroll for employees earning less than \$66,600 a year. The maximum contribution was used for employment earning more than the maximum pensionable earnings.

Estimated employer and employee contributions were nearly \$9.3 million each, for a total of \$18.5 million in 2023-24.

WorkSafeBC Contributions

Tax base and rates. Employers in BC are required to make contributions to WorkSafeBC 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.³⁸ 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 was made for all firms.

Conceptual issues. It is possible that some companies were 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 Penticton’s tourism industry were applied to the total payroll for that group. Tourism firms’ employees paid an estimated \$1.9 million to Workers’ Compensation in 2023-24.

STR License Fees

The local government collects annual license fees from the nearly 400 short-term rental (STR) locations within the City of Penticton. The fees range from \$270 to \$810 based on the type of STR property, with most STRs in Penticton paying around \$500. STR license fees were estimated at \$0.2 million in 2023-24.

³⁸ Subject to Experience Rating Adjustment for individual companies.

Tax on Accommodation Costs

Tax Base and Rates. The 5% Goods and Services Tax (GST) and 8% Provincial Sales Tax (PST) applied to accommodation costs by non-local visitors to the Penticton area. In addition, the Municipal and Regional District Tax (MRDT) of 3% was levied on paid accommodation expenditures throughout most (though not all) of the Penticton area.³⁹

Based on information from BC Stats and Ministry of Finance, accommodation revenue in Penticton for the twelve months ended March 2024, before taxes, was equal to \$44.7 million.⁴⁰

Thus, the estimated PST was approximately \$3.6 million, and GST was approximately \$2.2 million in 2023-24. Total municipal hotel tax was approximately \$1.3 million in 2023-24. Overall taxes on accommodation costs sum to nearly \$7.2 million in 2023-24.

Tax on Non-accommodation Visitor Spending

Tax Base and Rates. The 5% Goods and Services Tax (GST) and between 7% and 10% Provincial Sales Tax (PST) also applied to some non-accommodation purchases by non-local visitors to the Penticton area. Given limited data available on specific commodities purchased by visitors, estimates of additional sales taxes paid were conservative.

Estimation Method and Results

Additional sales taxes from visitor spending were estimated at over \$11 million (\$6.7 million GST and \$4.7 million PST) in 2023-24.

Property Tax Estimates of Businesses and Residents Related to Tourism in Penticton

Estimation Method and Results

A proportion of property taxes collected by the City of Penticton and surrounding rural areas related to commercial and residential properties were allocated to the region's tourism industry. This was based upon per capita averages of property taxes paid in Penticton and in surrounding rural areas in 2023.

³⁹ <https://municipal-regional-district-tax-map.apps.gov.bc.ca/>

⁴⁰ <https://www2.gov.bc.ca/gov/content/data/statistics/economy/tourism>

Appendix D: 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 Penticton, the direct, indirect, induced, and total number of jobs created by tourism in Penticton is examined to produce a snapshot of tourism operations.

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.

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.



Prepared by

InterVISTAS Consulting Inc.

450 Southwest Marine Drive
18th Floor
Vancouver, BC, V5X 0C3

Telephone: +1-604-717-1800
www.intervistas.com