Committee of the Whole

to be held at
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, March 19, 2019
Recessed from the Regular Council Meeting at 1:00 p.m.

1. **Call Committee of the Whole to Order**

2. **Adoption of Agenda**

3. **Delegations and Staff Presentations:**

4. **Adjourn to Regular Meeting of Council**

CITY OF Penticton

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Request to Appear as a Delegation

Preferred Council Meeting Date: Feb 5

Second choice(s): Feb 19

Subject matter: Proposal for BC Seniors Week & PSDIC 25th Anniversary

Name of person(s) making presentation:

Mignonne Wood

Address: _____ **Phone:** _____

_____ **Email:** _____

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

2019 marks the 25th anniversary of the PSDIC (1994 - 2019) and we are going celebrate. Our big event will take place on Saturday, June 1. It will be an Open House with lots to do for the whole family. Our celebration will also kick off BC Seniors week. The proposals I am bring to Council for consideration are: 1) support for PSDIC's milestone and, 2) an outline of how the City of Penticton can make BC Seniors' week special.

Please note:

- This form and submissions will become part of the public record.
- The Mayor has the authority to determine if the subject matter warrants the delegation to appear before Council and may determine at which meeting.
- Please submit this completed form at your earliest convenience. Written Requests to Appear are to be received by the Corporate Officer, no later than noon Monday, one week prior to the Council meeting. Please include a copy of all materials that will be discussed.
- If you'd like to share a PowerPoint with Council, email it to the Corporate Officer by 9:30 a.m. Wednesday prior to the Council meeting to be included with the Agenda.
- We recommend you bring backup PowerPoint files with you on a memory stick.
- Delegations are limited to 5 minutes.

Corporate Office
Angie Collison, Corporate Officer
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CITY OF Penticton

penticton.ca

Request to Appear as a Delegation

Preferred Council Meeting Date: MARCH 19/2019

Second choice(s): ———

Subject matter: CONVENTION of L.A. to BC/YUKON COMMAND APRIL 10—14TH.

Name of person(s) making presentation:

MARINA ASHLEY (CHAIRMAN) & ROBT SUDBURY-Br 40 R.C.L.

Address:

Phone:

Email:

Please provide details of your presentation or request of Council here: (or provide a detailed attachment)

CONVENTION @ PENT. LAKESIDE - UP TO ABOUT 150 LADIES WILL MARCH FROM VETERANS PARK W/PIPER & FLAGS ACROSS THE CROSSWALK @MAIN and LAKESHORE, DOWN THE SIDEWALK TO DOORS of THE HOTEL, DISBAND AND WALK IN FOR OPENING CEREMONIES. NEED PERMISSION TO CLOSE CROSSWALK @ MAIN ST & LAKESHORE DRIVE.

Please note:

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2018 Peachfest

Penticton BC

Economic Impact Assessment

November 2018

CONTACT

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Summary: Penticton Peachfest Festival

The Penticton Peachfest has been running continuously since 1947, thus the 2018 edition was the 71st edition of the festival celebrating summer in Penticton. The 2018 festival took place between August 8 and 12, 2018 and attracted thousands of people to various events throughout Penticton including four free headline concerts at Gyro Park.

The combined spending of out of town attendees in combination with the expenditures made by the organizers of the Penticton Peachfest totaled $2.7 million, supporting $4.3 million in economic activity in British Columbia including $3.6 million in economic activity in Penticton. These expenditures supported $1.3 million in wages and salaries in the province through the support of 28 jobs, of which 23 jobs and $990,000 in wages and salaries were supported in Penticton. The total net economic activity (GDP) generated by the event was $2.5 million for Canada as a whole; $2.2 million for British Columbia and $1.6 million for the City of Penticton.

Considerable tax revenues were also produced by the 2018 Penticton Peachfest, totaling $776,000. The event supported federal government tax revenues of $356,000 with taxes of $322,000 in accruing to the Province of British Columbia. Moreover, $76,000 in municipal taxes were supported in British Columbia municipalities, of which $61,000 was in the City of Penticton.

2018 Penticton Peachfest by the Numbers

20,100 people attending an average of 2.4 days	$2.2 million in visitor spending directly attributable to Peachfest	23 Penticton jobs supported by Peachfest	$3.6 million of economic activity supported in Penticton
14,000 out of town visitors	7,900 overnight visitors	$1.6 million boost to Penticton GDP	$322,000 in taxes supported across British Columbia

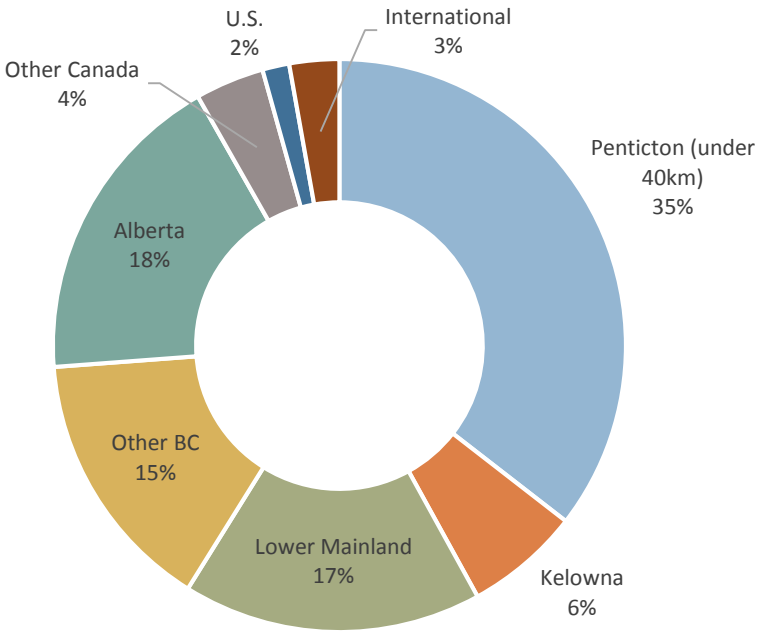
Methodology

The visitor statistics used in this study were derived from an on-site survey using Samsung tablet computers running electronic survey software. The survey instrument was developed and programmed by Paradigm Consulting Group in consultation with the City of Penticton and the event organizers. A total of 525 parties were approached with 462 respondents completing the survey[1] which asked a variety of questions including the respondents origin, their opinions of the event along with the number of days they were attending the festival. Out of town respondents to the survey also asked their expenditures while in Penticton.

Visitor Origin

The origin of Penticton Peachfest attendees was based on the incidence observed in the survey, which found that almost 2/3 of respondents were out of town visitors (65%). Among visitors, 59% were provincial travellers, 34% were from other parts of Canada and 7% were international visitors. The largest markets were the lower mainland (17%) along with visitors from Alberta (18%).

Respondent Origin



[1] The total of 525 responses to the survey representing 1,644 individuals gives a statistically valid confidence interval of +/- 2.4%, 19 times in 20 for responses representing all attendees. For responses representing out of town visitors, the confidence interval is 2.8%.

Attendance & Visitor Volume

Attendance

The total number of individuals attending the 2018 Peachfest was developed through the use of attendance counts at the evening concerts. There were 23,000 people in attendance at concerts over the 5 days of the festival and the survey found that just under half of respondents (45%) went to an evening concert, giving an attendance of 51,450 person days. Note that this figure differs from other attendance counts where people can attend more than one event per day.

The final step to determine the number of unique individuals attending Peachfest was to divide by the average number of days attended per person.

For the remainder of the analysis, respondents have been divided into 4 categories: local Peachfest attendees from BC; sameday travellers; visitors from other parts of the province and visitors from outside the province.

	Respondent Origin	Overall attendance	Days attended per person	Individuals
Local	35%	18,300	2.99	6,120
Sameday	20%	10,500	1.72	6,090
Other BC	24%	12,100	3.00	4,030
Out of Province	21%	10,600	2.75	3,860
Overall	**100%**	**51,500**	**2.56**	**20,100**
Visitors	*65%*	*33,200*	*2.37*	*13,980*

Survey responses

Party Size

The Penticton Peachfest attracted a large number of parties with children and the survey found that the percentage of parties with children rose with the distance travelled.

Party Size	Overall party size	% of parties with children	Avg number of children (if present)
Local	3.0	34%	2.41
Sameday	3.3	32%	2.20
Other BC	4.1	49%	2.36
Out of Province	4.2	53%	2.20
Overall	**3.6**	**34%**	**2.41**

Satisfaction

Satisfaction

Respondents were asked to rate their Peachfest experience using a 4 point scale, with 94% giving the event a rating of great or good.

	Great	Good	OK	Poor
Local	61%	29%	7%	1%
Sameday	51%	41%	2%	2%
Other BC	60%	37%	3%	0%
Out of Province	68%	29%	0%	0%
Overall	60%	34%	4%	1%

Recommend Peachfest

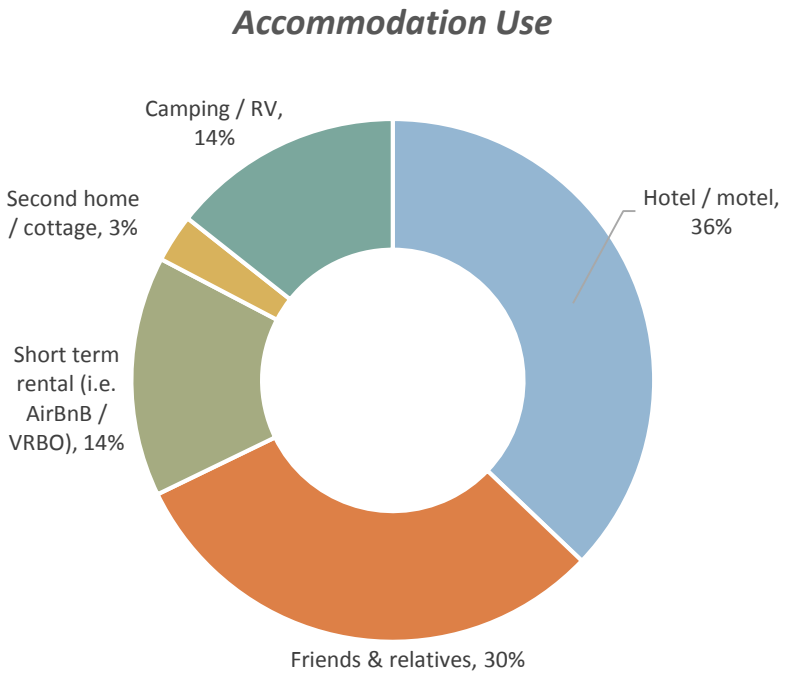
As another measure of satisfaction, out of town visitors were asked how likely they were to recommend Peachfest to family and friends, with more than 4 in 5 saying they were very likely to recommend the festival.

	Very likely	Somewhat likely	Somewhat unlikely	Very unlikely
Sameday	80%	13%	5%	0%
Other BC	83%	15%	0%	0%
Out of Province	83%	15%	2%	0%
Overall attending	82%	14%	2%	0%

Visitor Information

Most out of town visitors had been to Penticton before they came on the trip that included Peachfest (81%).

Overnight visitors were asked about their accommodation use while in Penticton, with just over 1/3 (36%) staying in hotels, followed by 30% of respondents staying with friends and relatives. Short term rentals such as Airbnb / VRBO and camping / RVs were also popular options (both 14%).



Visitor Spending

Out of town visitors were asked about their spending while in Penticton. The typical out of town visitor spent $325 per person while in Penticton, with the typical overnight visitor staying for 3.8 nights.

	Sameday	Other BC	Out of Province	Average
Party Size	*3.3*	*4.1*	*4.2*	*3.8*
Days / Nights in Penticton	*1.7*	*5.0*	*6.2*	*5.6*
Peachfest On-site spending	$17.95	$28.26	$26.65	$23.32
Accommodation	$0.00	$196.53	$249.46	$125.53
Restaurants	$31.03	$99.90	$110.89	$72.93
Groceries / Other Food & Beverage	$12.69	$38.92	$61.53	$33.74
Recreation & Entertainment	$11.49	$28.61	$38.41	$23.86
Shopping	$6.34	$28.70	$34.46	$20.55
Vehicle Expenses	$14.95	$23.27	$40.21	$24.32
Total	**$94.45**	**$444.18**	**$561.63**	**$324.26**

Visitor Spending

Combining the spending with the total number of out of town visitors finds that a total of $4.5 million was spent in Penticton by visitors who came to Peachfest.

	Sameday	Other BC	Out of Province	Total
Visitors	*6,090*	*4,030*	*3,860*	*13,980*
Peachfest On-site spending	$109,308	$113,875	$102,869	$326,051
Accommodation	$0	$791,997	$962,918	$1,754,915
Restaurants	$188,966	$402,601	$428,054	$1,019,621
Groceries / Other Food & Beverage	$77,309	$156,849	$237,521	$471,679
Recreation & Entertainment	$69,962	$115,291	$148,265	$333,518
Shopping	$38,610	$115,651	$133,019	$287,280
Vehicle Expenses	$91,042	$93,785	$155,226	$340,053
Total	**$575,197**	**$1,790,048**	**$2,167,873**	**$4,533,118**

Visitor Spending

In order to calculate the amount of spending directly attributable to Peachfest, visitors were asked to rate the importance of Peachfest in their decision to travel using a scale of 1-10, with 10 meaning it was the only reason they travelled. These scores are used to weight the tourism expenditures attributable to Peachfest, with a score of 10 being assigned a value of 100%, 8 being assigned 80%, etc. Adjusting for the importance of the festival, visitor spending directly attributable to Peachfest reached $2.3 million in 2018.

	Sameday	Other BC	Out of Province	Total
Visitors (%)	*61%*	*61%*	*41%*	*51%*
Peachfest On-site spending	$66,878	$69,063	$42,122	$178,062
Accommodation	$0	$480,331	$394,290	$874,621
Restaurants	$115,614	$244,170	$175,277	$535,061
Groceries / Other Food & Beverage	$47,300	$95,126	$97,259	$239,685
Recreation & Entertainment	$42,805	$69,922	$60,711	$173,437
Shopping	$23,623	$70,140	$54,468	$148,231
Vehicle Expenses	$55,702	$56,879	$63,561	$176,142
Total	**$351,922**	**$1,085,631**	**$887,687**	**$2,325,239**

Penticton Peachfest – Operational Expenditures

OPERATIONAL SPENDING

The organizers of the Penticton Peachfest invested significantly in producing and hosting the festival. Expenditures included rental of the venues and various equipment, production of the event, supporting the volunteers and logistical supplies as well as expenses associated marketing and running the event. The largest cost was associated with providing the festival entertainment which included Kim Mitchell and April Wine. The entire festival was free for the public to attend.

The Penticton Peachfest was supported by hundreds of volunteers, with their efforts being critical to the success of the festival.

Economic Impact Results

The combined spending of out of town attendees in combination with the expenditures made by the organizers of the Penticton Peachfest totaled $2.7 million, supporting $4.3 million in economic activity in British Columbia including $3.6 million in economic activity in Penticton. These expenditures supported $1.3 million in wages and salaries in the province through the support of 28 jobs[2], of which 23 jobs and $990,000 in wages and salaries were supported in Penticton. The total net economic activity (GDP) generated by the event was $2.5 million for Canada as a whole; $2.2 million for British Columbia and $1.6 million for the City of Penticton.

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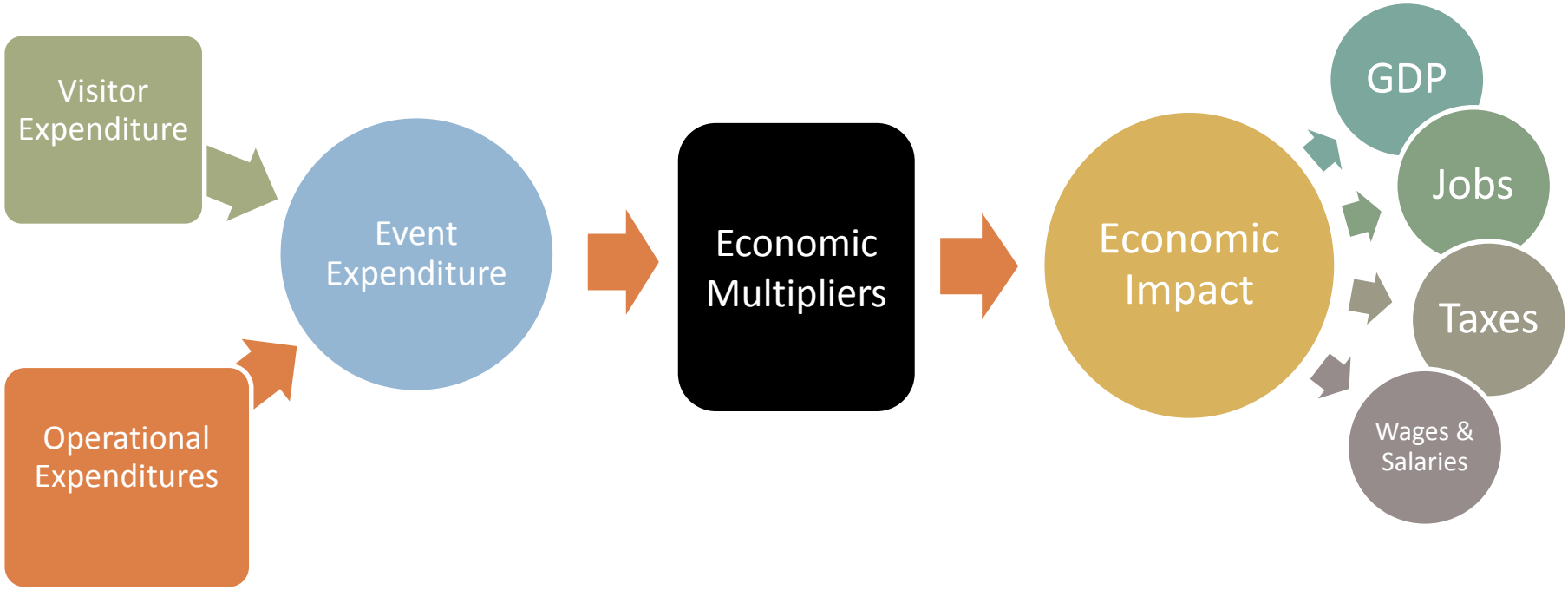
	Penticton	British Columbia	Canada
Initial Expenditure	$2,687,709	$2,687,709	$2,687,709
GDP	$1,569,586	$2,188,999	$2,544,419
Wages & Salaries	$990,465	$1,338,089	$1,531,418
Employment	22.7	27.7	31.1
Industry Output	$3,603,899	$4,254,613	$5,016,744
Taxes	$566,397	$718,226	$776,314
Federal	$258,430	$319,855	$356,078
Provincial	$246,964	$322,118	$332,853
Municipal	$61,003	$76,254	$87,383

[2] Jobs reported in this study refer to the number of jobs, vs. full time equivalent (i.e.: two people working half time in a job that typically features half time employment would represent two jobs or one FTE). Additionally, the direct employment effects are generally extra shifts or overtime for existing workers rather than new employment.

Detailed Economic Impact Results

	Penticton	British Columbia	Canada
Initial Expenditure	$2,687,709	$2,687,709	$2,687,709
Gross Domestic Product			
Direct Impact	$812,592	$952,128	$952,128
Indirect Impact	$475,490	$735,992	$926,701
Induced Impact	$281,504	$500,879	$665,590
Total Impact	$1,569,586	$2,188,999	$2,544,419
Industry Output			
Direct & Indirect	$3,174,490	$3,490,567	$3,932,031
Induced Impact	$429,410	$764,046	$1,084,712
Total Impact	$3,603,899	$4,254,613	$5,016,744
Wages & Salaries			
Direct Impact	$591,325	$673,678	$673,678
Indirect Impact	$289,412	$453,440	$560,963
Induced Impact	$109,727	$210,971	$296,777
Total Impact	$990,465	$1,338,089	$1,531,418
Employment (Full-year jobs)			
Direct Impact	15.0	16.3	14.1
Indirect Impact	5.4	8.0	9.1
Induced Impact	2.3	3.5	7.9
Total Impact	22.7	27.7	31.1
Taxes (Total)			
Federal	$258,430	$319,855	$356,078
Provincial	$246,964	$322,118	$332,853
Municipal	$61,003	$76,254	$87,383
Total	$566,397	$718,226	$776,314

How Economic Impact Modelling Works



Event Expenditure

Represents the combined spending of:

- Event Visitors (Tourism)
- Event Operations
- Event Capital Construction

Is the amount of money being spent in the community **BEFORE** the application of any economic multipliers

Gross Domestic Product

Gross Domestic Product (GDP)

Represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis

This is a **NET** measure and represents the value of goods and services produced less the cost of inputs used. It also accounts for the value of any imports to the region under consideration

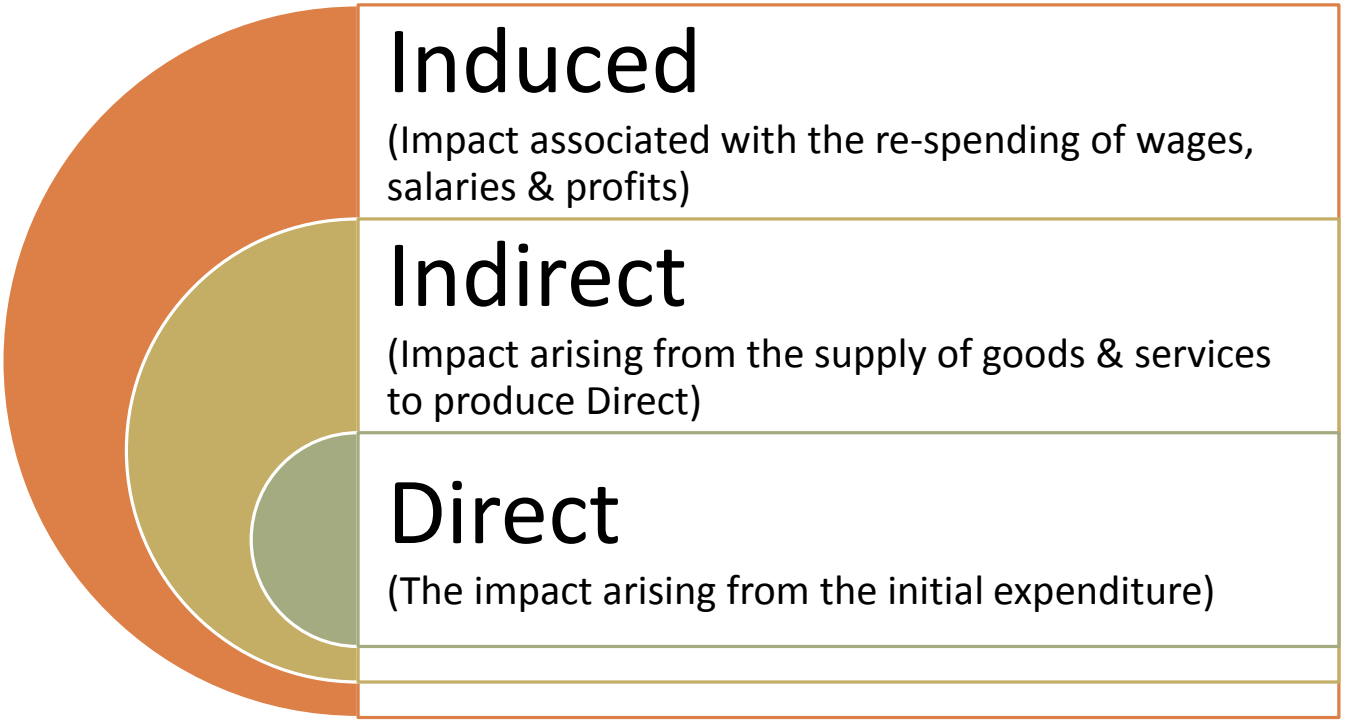
The concept is well understood by most government stakeholders and economists

Economic Activity

This figure represent the direct, indirect and induced impacts on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase.

Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

Economics Background



Appendix 1: Economic Impact Methodology FEAM

Background

Briefly, the purpose of FEAM is to calculate both the provincial and regional economic impacts of event based tourism. The economic impacts are calculated on the basis of capital and operating expenditures on goods, services and employee salaries, and on the basis of tourist spending within a designated tourism sector. The elements used to measure the economic impacts are Gross Domestic Product (GDP), Employment, Taxes, Industry Output and Imports. FEAM measures the direct, indirect & induced effects for each of these elements.

In order to produce economic contribution assessments that are robust and reliable, we developed specific economic contribution models at the national, provincial and metropolitan levels that make use of the most current and most detailed input-output tables and multipliers available from Statistics Canada. The approach also leverages the credibility and robustness of sector specific tax data available from Statistics Canada's Government Revenues Attributable to Tourism (GRAT) report.

Technical Description of the Impact Methodology Used by FEAM$^{2.0}$

While the economic contribution analysis will be conducted primarily at the provincial level, developing highly disaggregated provincial economic models required first the construction of a highly disaggregated national economic contribution model. The reason for this was that detailed input-output tables from Statistics Canada are only publicly available at the national level.

For FEAM and FEAM, we pioneered a solution that leveraged the detail available on an industry basis from the national model using aggregate multipliers that are available for each province and territory.

While the set of multipliers that Statistics Canada produces do not provide insights into the economic contributions attributed to specific industries operating within the economy, they do represent a known aggregate level which the overall economy can be expected to benefit by. The key to our approach is the linkage between the industry level detail (provided by the model developed from the input-output tables) with the benchmarks provided by the various multipliers.

Appendix 1: (continued)

FEAM and many other impact studies are based on input-output techniques. Input-output models involve the use of coefficients that are based on economic or business linkages. These linkages trace how tourist expenditures or business operations filter through the economy. In turn, the coefficients applied are then used to quantify how tourism related activity in a particular region generates employment, taxes, income, etc. The input-output approach indicates not only the direct and indirect impact of tourism, but can also indicate the induced effect resulting from the re-spending of wages and salaries generated.

All impacts generated by the model are given at the direct impact stage (i.e. the "front line" businesses impacted by tourism expenditures), indirect impact stage (i.e. those industries which supply commodities and/or services to the "front line" businesses) and the induced impact stage (induced consumption attributable to the wages and salaries generated from both the direct and indirect impact).

The direct and indirect impact phase results are benchmarked with the corresponding direct and indirect multipliers from Statistics Canada at the national level, on an industry by industry basis.

We developed induced round effects that replicate the re-spending behavior of consumers (who benefited through wages either directly or indirectly by special events) along income ranges. The re-spending profiles used account for different average wages that exist in specific industry sectors. Ultimately, the re-spending profiles permit the determination of distinct levels and composition of induced consumption depending upon the extent to which those industries are directly and indirectly affected by economic activity arising from hosting events and festivals.

After the level and composition of induced consumption is determined, the process involved treating the induced consumption spending in a separate analysis—much the same as the original event related expenditures were. Hence, these expenditures were simulated through the direct and indirect impact phase and treated as if they were initial expenditures.

Once again, the magnitude of the results of the induced impact phase was benchmarked against the corresponding multipliers supplied by Statistics Canada. Again, this is done to ensure that, in aggregate, the estimates align with those from Statistics Canada but at the same time the analysis also provides an industry by industry breakdown.

Taxes and employment are two key impact measures that require data sources beyond those available in the input-output model.

Appendix 1: (continued)

Taxes

Despite the fact that many of the sales tax ratios are available from the margins tables produced by Statistics Canada, additional work was required to adjust these rates based on possible changes in tax rates between 2010 (the year of the input-output tables) and 2012 (the year of the analysis). To extend the analysis to include the full range of taxes and fees impacted by special events, we relied on statistics reported in Statistics Canada's Government Revenues Attributable to Tourism (GRAT) report. This report is particularly useful because it follows the concepts and definitions as identified in the Canadian Tourism Satellite Account (CTSA). As well, the scope of taxes covered by the GRAT is more comprehensive than what would be possible using only the input-output tables. In particular, the GRAT includes taxes on incomes (i.e., on employment earnings, corporate profits, net income of unincorporated business and government business enterprises), contributions to social insurance plans (i.e., premiums for Canada/Quebec Pension Plan, Employment Insurance and workers compensation), taxes on production and products (such as sales and property taxes), and from sales of government goods and services.

Aside from reporting on the tax collections directly attributable to tourism, the GRAT study also identifies the composition and level of taxes attributed to various industry segments of the economy. At the present time, the most recent GRAT report relates to the 2011 calendar year. The established rates calculated from GRAT were adjusted, where applicable, to reflect rate changes that occurred between 2011 and subsequent years.

To incorporate the findings from the GRAT study into our analysis, we estimated ratios that were based on the most current industry sector tax data along with the most current GDP estimates on an industry basis. The resulting tax coefficients were then used to determine tax calculations that would be based on GDP estimates stemming from the model on an industry by industry basis.

The categories of taxes that were benchmarked against the GRAT statistics include corporate taxes, contributions to social insurance plans and other taxes on production. Other taxes on production comprise property taxes, payroll taxes, capital taxes, permits and many other miscellaneous taxes covering federal, provincial and municipal levels of government. The contributions to social insurance plans include employment insurance, worker’s compensation and the Canada and Quebec pension plans.

We also went outside of the figures reported in the GRAT report to assemble income tax coefficients. This was done to capture the detail that was already available from the input-output analysis and to better align with the granular demand associated with special event expenditures. The source used to assemble specific income tax rates, by income range, was the Canadian Tax Foundation's most recent Finances of the Nation report. This report provide insights on taxes on incomes (i.e., on employment earnings, corporate profits, net income of unincorporated business and government business enterprises) and contributions to social insurance plans (i.e., premiums for Canada/Quebec Pension Plan, Employment Insurance and workers compensation).

Appendix 1: (continued)

Employment

Employment is a measure that is available, in aggregate form, from the multiplier tables produced by Statistics Canada. However, the employment multipliers relate to the year of the tables (2010) and not the year of the current analysis. To adjust for this difference, indices of average wage growth by industry were incorporated to reflect the period between 2010 and the year under analysis. Annual data from Statistics Canada's Labour Force survey were used on an industry basis to capture the change in average earnings.

Once again, in order to preserve the industry by industry detail available from the model, appropriate average wages were applied against industry labour income estimates to align with the employment multipliers from Statistics Canada. The one distinction being that the employment multipliers reflect the economy operating in 2010. Hence, adjustments on average wages were made to estimate what the employment multipliers would resemble had they been produced for subsequent years.

Regional (Sub-Provincial) Impact Methodology

The method used to simulate intraprovincial commodity flows and ultimately regional impacts follows directly from regional economic principles. The principle is referred to as the "gravity model". Basically the "gravity model" states that the required commodity (& service) inputs will be "recruited" in a manner that takes into consideration economies of scale (i.e. production costs), transportation costs and the availability of specific industries. Economies of scale (i.e. lower production costs) are positively correlated with input demand while greater transportation costs are negatively correlated with input demand. Fulfilling that demand from other provincial regions is contingent on the fact that the specific industry does actually exist. An advantage of using the "gravity model" to simulate intraprovincial commodity flows is that as the industrial composition of the labour force changes, or as new industries appear for the first time in specific regions, the share of production between the various sub-provincial regions also changes.

By following this principle of the gravity model, all sub-provincial regions of a province are assigned a coefficient for their relative economies of scale in each industry (using the latest industry labour force measures) as well as a coefficient to represent the transportation cost involved to get each industry's output to the designated market. One variation on the "gravity model" principle involves the estimation of "relative trade distances" by incorporating different "weights" for different modes of transport. Once these coefficients are generated for all regions and over all industries, a measure of sensitivity (mostly relative to price, but in the case of service industries also to a "local preference criteria") is then applied to all commodities. Another variation on the strict "gravity model" approach is that the measure of sensitivity is adjusted by varying the distance exponent (which in the basic "gravity model" is 2) based on the commodity or service required. The variation in distance exponents revolve, principally, around two research hypotheses: (1) the greater the proportion of total shipments from the largest producer (or shipper), the lower the exponent, and (2) the greater the proportion of total flow which is local (intraregional), the higher the exponent.

Appendix 2: Glossary of Terms Used by FEAM

Initial Expenditure - This figure indicates the amount of initial expenditures or revenue used in the analysis. This heading indicates not only the total magnitude of the spending but also the region in which it was spent (thus establishing the "impact" region).

Direct Impact - Relates ONLY to the impact on “front-line” businesses. These are businesses that initially receive the operating revenue or tourist expenditures for the project under analysis. From a business perspective, this impact is limited only to that particular business or group of businesses involved. From a tourist spending perspective, this can include all businesses such as hotels, restaurants, retail stores, transportation carriers, attraction facilities and so forth.

Indirect Impact - Refers to the impacts resulting from all intermediate rounds of production in the supply of goods and services to industry sectors identified in the direct impact phase. An example of this would be the supply and production of bed sheets to a hotel.

Induced Impact - These impacts are generated as a result of spending by employees (in the form of consumer spending) and businesses (in the form of investment) that benefited either directly or indirectly from the initial expenditures under analysis. An example of induced consumer spending would be the impacts generated by hotel employees on typical consumer items such as groceries, shoes, cameras, etc. An example of induced business investment would be the impacts generated by the spending of retained earnings, attributable to the expenditures under analysis, on machinery and equipment.

Gross Domestic Product (GDP) - This figure represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis (valued at market prices).

- **NOTE:** The multiplier of Total/Initial, represents the total (direct, indirect and induced) impact on GDP for every dollar of direct GDP. This is a measure of the level of spin-off activity generated as a result of a particular project. For instance if this multiplier is 1.5 then this implies that for every dollar of GDP directly generated by “front-line” tourism businesses an additional $0.50 of GDP is generated in spin-off activity (e.g. suppliers).

- The multiplier of total/$ Expenditure, represent the total (direct, indirect and induced) impact on GDP for every dollar of expenditure (or revenue from a business perspective). This is a measure of how effective project related expenditures translate into GDP for the province (or region). Depending upon the level of expenditures, this multiplier ultimately determines the overall level of net economic activity associated with the project. To take an example, if this multiplier is 1.0, this means that for every dollar of expenditure, one dollar of total GDP is generated. The magnitude of this multiplier is influenced by the level of withdrawals, or imports, necessary to sustain both production and final demand requirements. The less capable a region or province is at fulfilling all necessary production and final demand requirements, all things being equal, the lower the eventual economic impact will be.

Appendix 2: (continued)

GDP (at factor cost) - This figure represents the total value of production of goods and services produced by industries resulting from the factors of production. The distinction to GDP (at market prices) is that GDP (at factor cost) is less by the amount of indirect taxes plus subsidies.

Wages & Salaries - This figure represents the amount of wages and salaries generated by the initial expenditure. This information is broken down by the direct, indirect and induced impacts.

Employment - Depending upon the selection of employment units (person-years or equivalent full-year jobs) these figures represent the employment generated by the initial expenditure. These figures distinguish between the direct, indirect and induced impact. "Equivalent Full-Year Jobs", if selected, include both part-time and full-time work in ratios consistent with the specific industries.

- **NOTE:** The multiplier (B) is analogous to Multiplier (B) described earlier with the exception being that employment values are represented per $1,000,000 of spending rather than per dollar of spending. This is done to alleviate the problem of comparing very small numbers that would be generated using the traditional notion of a multiplier (i.e. employment per dollar of initial expenditure).

Industry Output - These figures represent the direct & indirect and total impact (including induced impacts) on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase. Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

Taxes - These figures represent the amount of taxes contributed to municipal, provincial and federal levels of government relating to the project under analysis. This information is broken down by the direct, indirect and induced impacts.

Imports - These figures indicate the direct, indirect and induced final demand and intermediate production requirements for imports both outside the province and internationally.