Economic Impact of Tourism in Salmon Arm and Sicamous, 2024

SYMPHONY TOURISM SERVICES

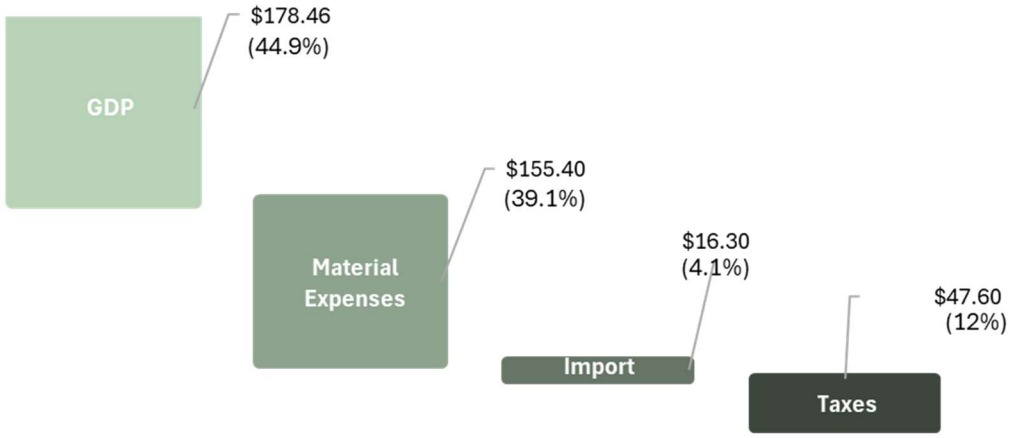
Summary

Tourism spending in Salmon Arm and Sicamous reached a total of **$397.8 M**

Representing **1.7%** of tourism spending in British Columbia

Visitor spending is made up of four components: imports, taxes, material expenses, and value added. Only the last two contribute to the local economy, forming what is known as Domestic Output. This spending represents the direct economic impact, which also triggers further indirect and induced effects. Notice that when value added is aggregated across businesses, it becomes GDP.

Breakdown of Tourism Spending Components in 2024 ($ millions)



*Taxes refer to consumer Taxes paid directly by visitors

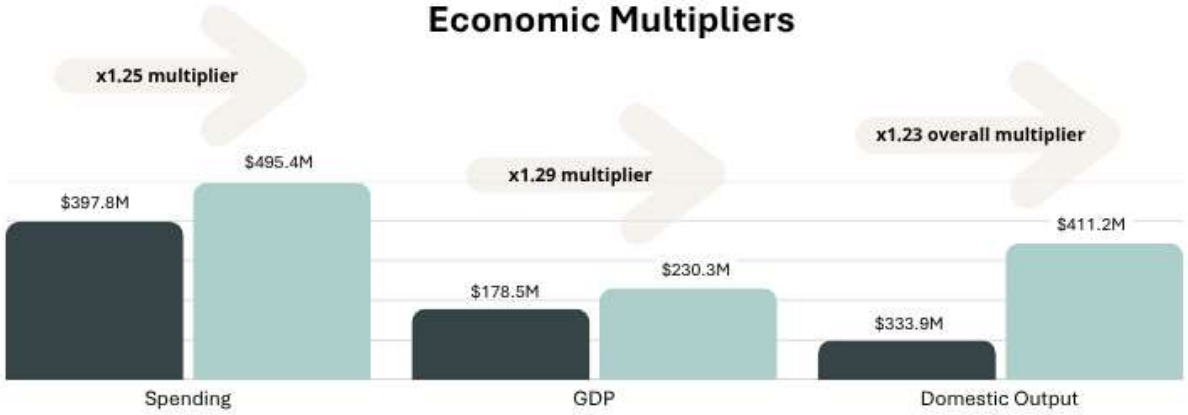
The Effects:

Spending	Direct Effect $397.8 M	+	Indirect Effect $45.0 M	+	Induced Effect $52.6 M	=	Total Effect $495.4 M
GDP	Direct Effect $178.5 M	+	Indirect Effect $22.2 M	+	Induced Effect $29.7 M	=	Total Effect $230.3 M
Domestic Output	Direct Effect $333.9 M	+	Indirect Effect $37.3 M	+	Induced Effect $40.0M	=	Total Effect $441.2M

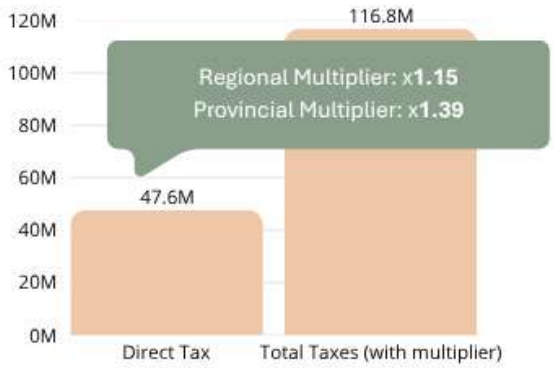
On average, this results in a multiplier effect of 1.25, meaning that for every dollar spent by visitors, an additional $0.25 of economic activity is generated in the local economy.

Focusing specifically on GDP (value added), the direct effect accounts for $178.5 million. After applying the multiplier, the total GDP impact reaches $233.8 million, which represents a 29.1% increase over the direct effect alone.

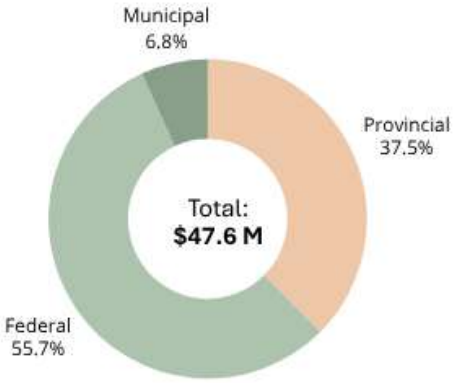
Economic Multipliers



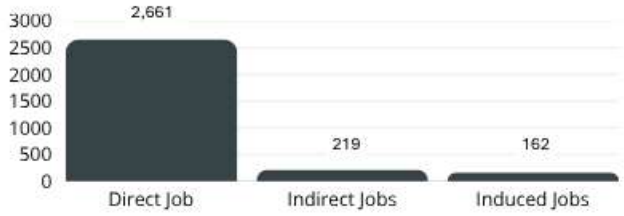
Total Taxes with Multiplier Effects



Tax Revenue Distribution (Direct)



Employment Impact



Accommodation and Food Services accounted for the largest share of direct employment generated by tourism-related spending in Salmon Arm and Sicamous, supporting 1,670 jobs, of which 1,214 were full-time equivalents.

To illustrate scale, this study compares tourism indicators in Salmon Arm and Sicamous to provincial benchmarks using gross estimates. In 2024, the region accounted for approximately 1.7% of BC's total tourism spending and GDP. Its share of tourism-related tax revenue was slightly higher at 2.0%, while employment represented 2.4% of the provincial total. These comparisons highlight the region's meaningful role in the broader tourism economy. Estimates are not intended to replace official valuations by Destination BC.

1. Introduction

A central consideration when assessing the economic impact of a specific sector is the extent of value generated in the broader economy for each dollar spent, the number of jobs supported or created, and the distribution of resulting tax revenues among municipal/RD, provincial, and federal governments.

This report specifically estimates and analyzes the economic value of tourism in the communities of Salmon Arm and Sicamous using Pacific Analytics' proprietary Regional Input-Output Model (RIOM).

In general terms, this is an input-output model represented as a matrix that captures the monetary flows between economic sectors. It illustrates how each activity both contributes to and depends on others. For example, agricultural production may serve as an input for the food and beverage sector, functioning as an output for one sector and an input for another. In this way, the model reveals the interdependencies among all economic activities.

Given this interrelated view of the economy, the model enables the assessment of how a shock, such as an increase or decrease in any economic activity, triggers ripple effects across other sectors. For example, an increase in demand for food and beverage services may lead to a rise in demand for agricultural products. In response, agricultural producers may consume more fuel, fertilizers, and other inputs. As a result, the initial demand increase directly impacts the agricultural sector and indirectly affects other sectors, such as manufacturing and petroleum products.

The rest of the document includes the Methodology, which outlines the key concepts used and explains the scope of what the model captures. The following Results section presents all findings related to economic effects through GDP, taxes, and employment, followed by the section Relative Contribution to British Columbia's Tourism Sector. The document concludes with a section on Conclusions, Recommendations, and Limitations.

For more detailed information about the data used, the Appendix contains detailed tables for those interested in delving deeper into each result.

2. Methodology

The economic impact analysis presented in this study can be understood through three interrelated perspectives, each offering a different lens on the economic impact of tourism in Salmon Arms and Sicamous Communities.

The first perspective uses descriptive statistics to analyze visitor spending. This general overview relies on hard data and offers a foundational view of the monetary inflow associated with tourism.

The second perspective breaks down tourism spending into its four main economic components, helping to clarify how expenditures are allocated across various areas, such as value-added, material inputs, Taxes, and Imports. This component-based approach provides deeper insight into how spending flows through the local economy.

The third perspective focuses on the dynamic nature of economic impact. Tourism spending is not a static injection but rather a trigger that activates broader economic processes, generating additional indirect and induced effects across sectors. To estimate these total effects, the Regional Input-Output Model (RIOM) developed by Pacific Analytics was employed.

Lastly, an important dimension of the model is its ability to estimate the levels of employment generated by tourism activity, both directly within the region and through spillover effects elsewhere in the province. These employment effects offer a clear indicator of tourism's social and economic importance.

2.1 Spending Analysis Perspective

From an economic perspective, tourist spending represents a key component of business revenue. It refers to the amount of money spent by a visitor (or on their behalf) on goods and services directly related to their trip (Laimer & Weiß, 2006). According to Destination Canada, tourism spending includes expenditures made while travelling within Canada, spending on airfares with Canadian carriers for outbound trips, and purchases of tourism-related goods (Destination Canada, 2021). This Economic impact model uses this spending as the basis for estimating the broader economic effects of tourism.

In the following section, this spending will be broken down by economic activity to provide a clearer understanding of its distribution and behaviour.

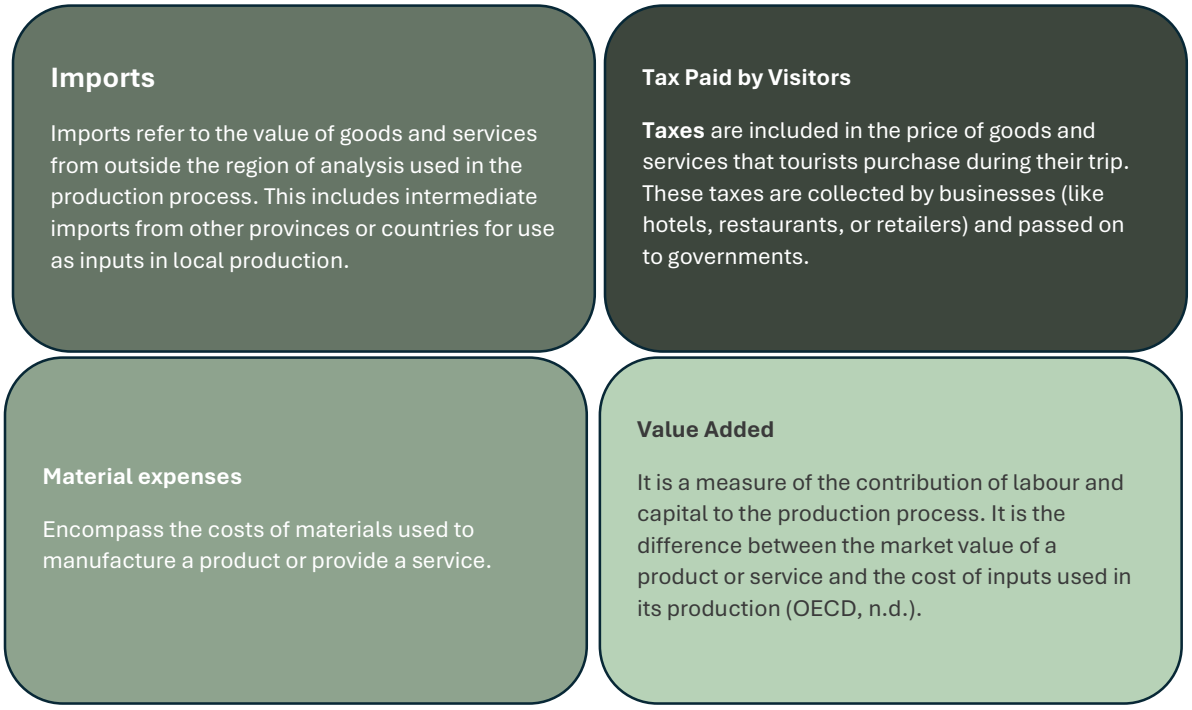
2.2 Economic Indicators Perspective

From this perspective, the first concept to understand is that a visitor is considered a final consumer; someone who purchases goods or services for personal use or enjoyment rather than for business or production purposes.

Visitor spending can be broken down into four key components, as illustrated in Figure 1. The first is **Imports**, which include all elements of the final product that were not produced within the region of analysis. These goods and services contribute economically to the places where they originated, not to the local area. The second component is **Tax Paid by Visitors,**[1] these consumer Taxes have two key characteristics: on one hand, they do not directly contribute to value creation, as they represent a financial transfer from businesses to the government; on the other hand, once this transfer is made, the funds no longer circulate within the local economic flow entirely related to tourism. The third component, **Material Expenses**, refers to the intermediate inputs, goods and services used in the production process to deliver the final product.

What remains after these three components is the **Value Added**. This reflects the creation of value and includes wages and salaries, returns on capital, as well as depreciation, interest costs, and business profits.

Figure 1. Breakdown of Visitor Spending by Economic Contribution

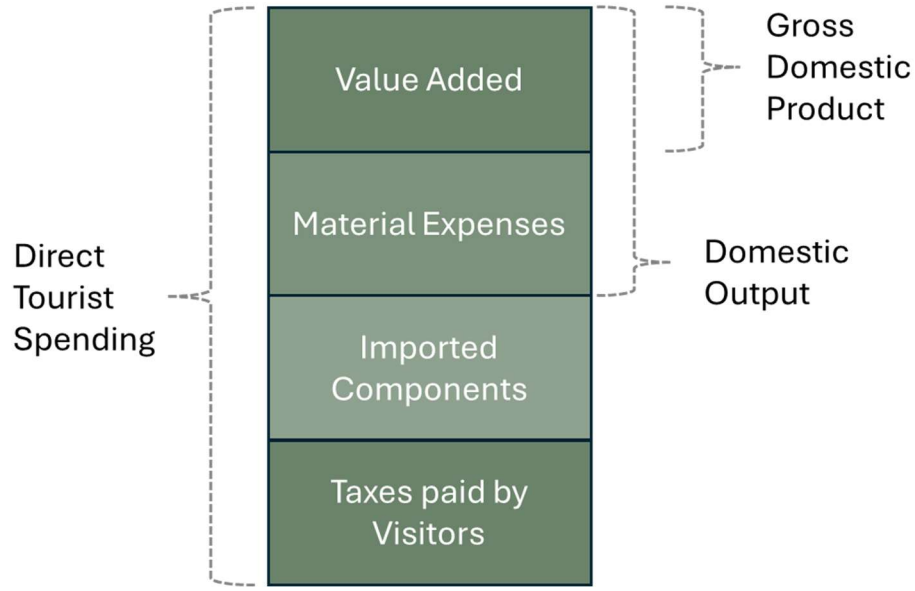


[1] Visitors to British Columbia pay several types of Taxes during their trip. These include the Goods and Services Tax (GST), the Provincial Sales Tax (PST), and the Municipal and Regional District Tax (MRDT) applied to short-term accommodations. Additional Taxes are built into the prices of liquor and cannabis products, as well as fuel through carbon and fuel Taxes. Tourists arriving by air also pay travel-related charges such as air travel and transportation fees, which are included in the cost of airline tickets and airport use.

Dividing the components in this manner is important because, within the model, spending represents the direct impact on the economy. However, each component of spending also generates additional effects.

In Figure 2, the same components shown in Figure 1 are presented again. This figure emphasizes that when certain components are aggregated across all businesses, they may be referred to by different terms. For instance, Value Added typically refers to the contribution of a single establishment. When the Value Added from all establishments is aggregated, it becomes Gross Domestic Product (GDP)—a measure of total value creation in the economy.

Figure 2. Composition of the aggregated economic indicators

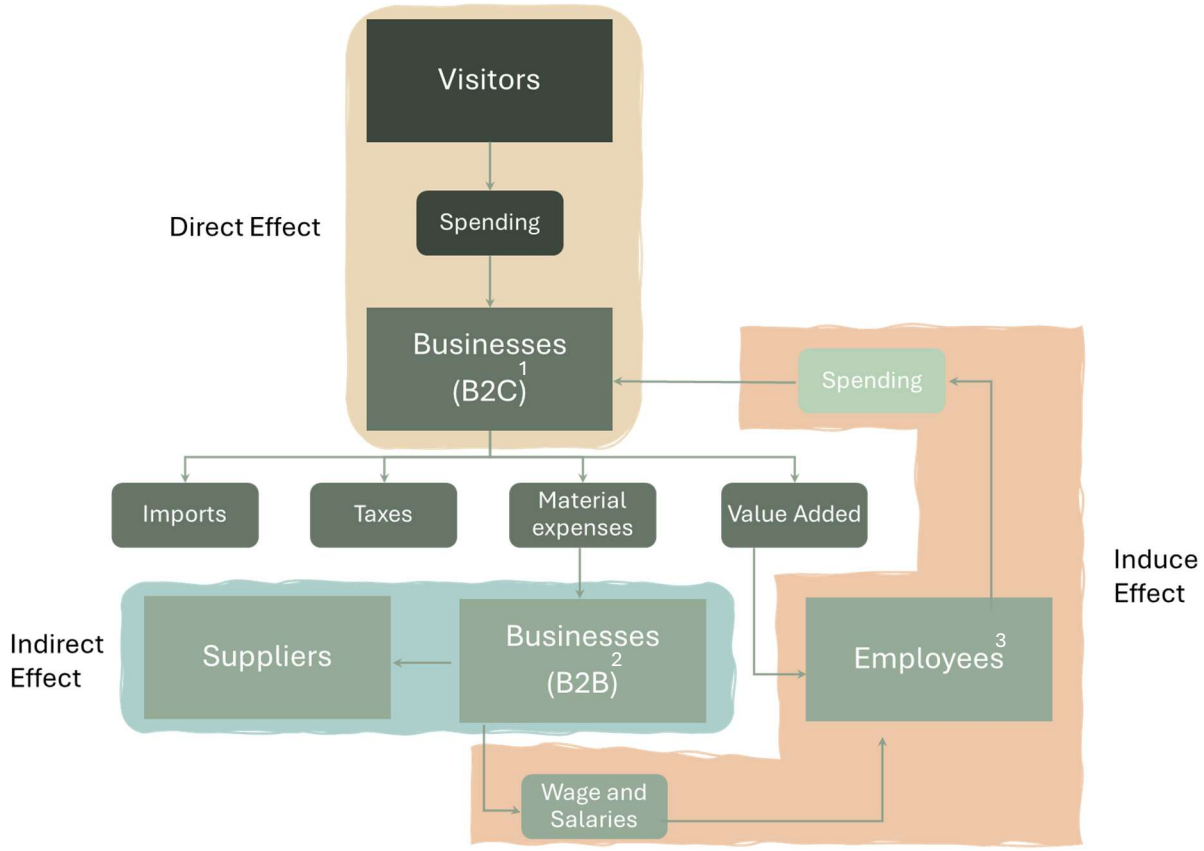


It is also important to define Domestic Output, as it represents the total spending directed to local businesses. This portion of spending consists of the sum of Value Added and Material Expenses. From Domestic Output arises the multiplier effect—which will be explained in more detail below—that is used to estimate the total impact on the regional economy.

2.3 Economic impact perspective

An economic impact is not a static event; it is a dynamic and revolving process. In general, the literature considers that the total impact is constituted by three effects. Direct effect, Indirect effect and Induced effect. To understand this more clearly, see Figure 3.

Figure 3. Economic Impact Flow



1. B2C: Refers to interactions or transactions between a business (e.g., a tourism operator or hotel) and an individual customer (tourist).
2. B2B: Refers to transactions or relationships between businesses. In this diagram, it refers to businesses that serve as providers to other businesses in the flow.
3. Should note that wages being re-spent is wages less income Taxes less savings.

Direct effects refer to the immediate economic activity generated by an initial expenditure, in other words, the money that visitors spend directly within the region. For example, when a visitor dines at a local restaurant or pays for a hotel stay, that spending directly supports the regional economy. These direct effects are typically categorized into four main components, as outlined previously. This is captured in the Domestic Output, where the value-added portion, such as wages for local employees and profits for local owners, can remain within the community. At the same time, the cost of materials and services supports other local businesses. Simply put, the direct effect arises from a business-to-consumer (B2C) relationship.

Indirect effects, on the other hand, represent the secondary economic activity generated throughout the supply chain as a consequence of the initial direct spending. As illustrated in Figure 3, a portion of the direct spending, particularly material expenses, is used to replenish goods and services. For instance, when a restaurant purchases produce from local farmers or meat from local butchers, those suppliers in turn must purchase inputs like seeds, feed, or equipment. This chain reaction of economic activity is often referred to as the **multiplier effect**. In this case, the impact is driven by business-to-business (B2B) transactions that ripple through the broader local economy.

Finally, *induced effects* refer to the additional economic activity generated when employees; whose jobs are supported either directly or indirectly by the initial tourism spending, use their wages to purchase goods and services within the region. In other words, employees of tourism-related businesses spend part of their earnings locally, as do the employees of businesses within the tourism supply chain. This local spending stimulates further economic activity, reinforcing the multiplier effect once again.

It is important to mention that, while the direct impact is explicitly attributed to the communities of Salmon Arm and Sicamous, the indirect and induced effects are estimated by the model for the entire Columbia Shuswap Regional District.

For instance, in the case of Imports, a significant portion of Imports in tourism-related spending is captured under the "Direct – Other BC" category. This category reflects the fact that not all goods purchased by visitors are produced within the local region; many are brought in from elsewhere in the province or from outside BC.

It is vital to notice that tourism spending is measured "at the factory gate", meaning that the value of goods is recorded before Retail markups, transportation, or local handling costs are added. This method attributes the production value of goods to the location where they were initially manufactured or sourced, not where they were sold.[2]

Taxes

In the Economic Indicators Perspective section, visitor spending was divided into four components, one of which included the Taxes directly paid by visitors. However, these do not capture the full range of Taxes generated by the broader economic activity associated with tourism. To provide a more comprehensive picture, it is also important to consider business Taxes, personal income Taxes, and corporate income Taxes, which arise from the operations of tourism-related businesses and the wages earned by employees in the sector.

Beyond the indirect Taxes paid by visitors, businesses in the tourism sector also contribute to government revenues through several other types of Taxes. They pay GST and PST on the goods and services they purchase (such as supplies, equipment, and utilities), although GST can often be recovered through input tax credits, while PST generally cannot. Businesses that own or lease commercial property are subject to property Taxes, which are a direct source of municipal revenue. In some instances, such as when a business sells or uses fuel, alcohol, or tobacco, it may also be required to pay or remit excise duties, adding another layer to the overall tax contribution of the sector.

Individuals pay many of the same types of Taxes as businesses, but with some key differences. For example, instead of corporate income tax, individuals pay personal income tax on their earnings. Like businesses, they also pay GST and PST on most goods and services they purchase. In addition, individuals contribute through excise Taxes (on products such as alcohol, tobacco, and fuel),

[2] Spending on a good = Factory Gate Value + Retail Markup + Wholesale Margin + Transport Margin + Consumer Tax.

carbon Taxes embedded in fuel and energy prices, and other fees based on their activities and assets.

Finally, businesses pay corporate income Taxes on their profits at both the federal and provincial levels. These Taxes represent a significant share of total tax revenues.

Employment

Employment in this analysis is defined using the conventional National Accounting framework, which differs from the approach used by some other analysts. Typically, those alternative assessments calculate tourism employment by summing the total number of jobs in tourism-related businesses, such as accommodations, restaurants, and recreational facilities, assuming all employment in these sectors is tourism-driven.

In contrast, this analysis applies a more refined methodology. It estimates the share of employment attributable to tourism by calculating the ratio of visitor spending to the total revenue within each of 240 industry sectors. For example, in the accommodation sector, the visitor spending ratio typically ranges from 75% to 85%. This range varies based on several factors:

- Type of accommodation (e.g., hotel, campground, or other lodging properties)
- Geographic location (urban establishments tend to serve more local clientele and have lower tourism ratios)
- Clientele origin (domestic clients traveling less than 80 kilometers are excluded from the tourism classification)
- Associated amenities (many hotels offer services—like restaurants, spas, or event spaces—that cater to both tourists and local residents)

For instance, although a hotel may appear highly dependent on tourism, it typically serves a diverse clientele. Its restaurant might cater to local residents, and the facility may host weddings, business meetings, or offer amenities used by the local population.

Employment impacts are calculated using the Regional Input-Output Model (RIOM), which provides two estimates: one based on the number of jobs, and the other on Full-Time Equivalents (FTEs).

- **Jobs** are estimated by dividing total wages attributed to tourist spending by the average annual wage in the respective industry and region.
- **FTEs** are calculated by comparing the estimated number of hours worked with the industry-specific average annual hours for a full-time position.

The standard for full-time annual hours varies across sectors:

- Primary industries and manufacturing: 2,080 hours/year (based on a 40-hour workweek)

- Government and quasi-government: 1,820 hours/year (35-hour workweek)
- Other industries: 1,950 hours/year (37.5-hour workweek)

This approach allows for a more precise attribution of employment to tourism activity by adjusting for actual visitor-related economic impact within each industry.

Pacific Analytics Economic Impact Model

The impacts of tourism spending in Columbia-Shuswap RD are assessed using Pacific Analytics' proprietary Regional Input-Output Model (RIOM), the exact same model used by BC STATS (the BC Government's official statistical agency) in all its impact assessment work (Pacific Analytics leases the RIOM to BC STATS).

Using the RIOM, Destination BC commissions Pacific Analytics each year to estimate for each visitor origin market (international, interprovincial, and domestic) detailed direct visitor spending by the 494 separate I/O categories for each of the six Tourism Regions. Using comprehensive visitor surveys by Statistics Canada, these estimates are further broken down by sub-market (international is broken out by 18 countries (some aggregated together due to small sampling), interprovincial by each province and territory, and domestic) for those staying in fixed roof accommodation, at campgrounds, and using online providers (OLP) and further broken out by Business vs Leisure visitors. These survey-based Tourism Region estimates are benchmarked to Destination Canada's sub-market estimates. This methodology requires certain assumptions at the more local level, for example, the proportion of local "Groceries" spend is assumed to be split among the various types of groceries that visitors purchased within the Tourism Region.

Once there is a vector of visitor spending broken out by the 494 I/O categories, all consumer Taxes must be removed (since Taxes do not contribute to additional economic activity).[3] After that, all margins[4] must be re-allocated to the appropriate industry. Then, at that point, all Imports must be removed (Imports, such as Taxes, do not contribute to the domestic economy), and it is these values that are entered into the BC RIOM to determine the impacts.

[3] In the RIOM, there are 15 different input and 15 different consumer spending tax types: Fed Trading Profits Tax; Fed Gasoline Tax; Fed Excise Tax; Fed Excise Duties; Fed Air Transport Tax; Fed Import Duties; Fed GST; Prov Environmental Tax; Prov Trading Profits Tax; Prov Gasoline Tax; Prov Other; Prov PST; Land Transfer Tax; Municipal Sales Tax; and Aboriginal Trading Profits Tax. There are tax rates assigned for each tax type for each commodity type (e.g., there are a total of 7,440 input tax rates and another 7,440 consumer tax rates included in the BC RIO Model). For example, tourist spending on hotels would need the 8% PST, the 5% GST, and (if applicable) the MRDT tax removed.

[4] The purchase price of commodities includes a portion for the producer cost (at the factory gate), markups (or "margins") by wholesale and Retail trade sectors, and a cost for transporting the commodity from the producer to the purchaser (transportation margins). For example, when there is a purchase price of say, $100 for a commodity, a part (say $60) is allocated to the producer industry, another $15 and $20 are allocated to the appropriate wholesale industry and Retail industry, and the remainder ($5) allocated to the appropriate transport industry or industries. There are 8 different wholesale margins (Farm, Petroleum, Food, Household Appliances, Autos, Construction Products, Machinery, and Other), 11 Retail margins (Autos, Furniture, Electronics, Construction Products, Food, Health, Auto Fuels, Clothing, Sport Equipment, Household Fuel, Other), and 13 Transportation margins (Gas, Pipeline Oil, Pipeline Gas, Storage, Air, Rail, Water, Truck General, Truck Special, Water Supply, Road, Brokerage, Other) included in the Model. There are margin rates assigned for each margin type for each commodity type for inputs and consumer spending separately. That is, there are 15,872 different margin rates for business inputs and another 15,872 margin rates for consumer goods and services contained in the Model.

The methodology used is the exact same approach that Statistics Canada uses to determine the economic impacts of other industry sectors, such as Forestry or Mining. As such, the estimates presented in this Report are entirely comparable for other Statistics Canada measures. A description of Input-Output modelling can be found in Appendix B.

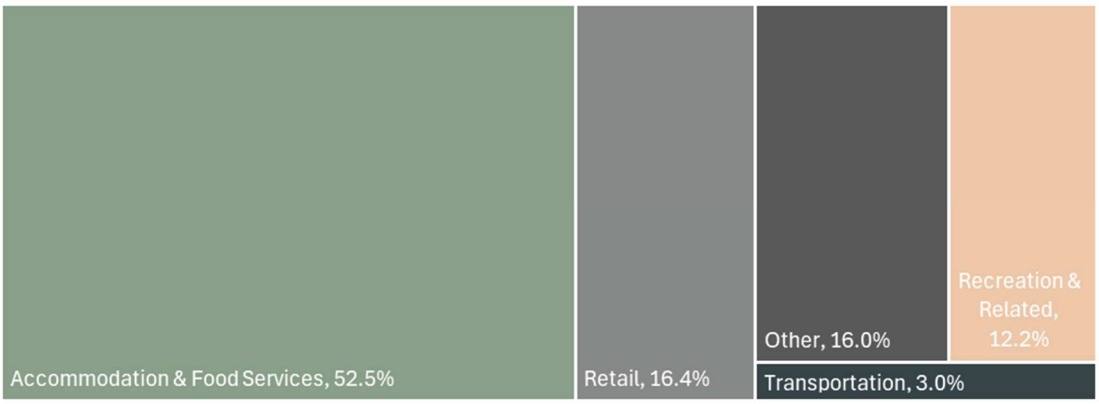
3. Results

3.1 Spending Analysis

Visitors' spending refers to the total expenditures made by visitors on goods and services during their stay, including accommodation, food, transportation, and entertainment, among others. In 2024, such spending in Salmon Arms and Sicamous reached $397.8 million, representing 1.7% of total tourism expenditures in the Province of British Columbia.

In these communities, tourism spending is primarily driven by the Food and Beverage and Accommodation sectors, which account for 52.5% of total expenditures. Retail follows with a 16.4% share, while Recreation and Entertainment contribute 12.2%. Transportation represents the smallest portion, comprising just 3% of total tourism spending. Other economic activities represented 16.4%

Figure 4. Share of spend by economic activity



Source: Author's estimation based on MRDT data, population statistics, and LASR data from Destination Canada.

3.2 Economic Impact

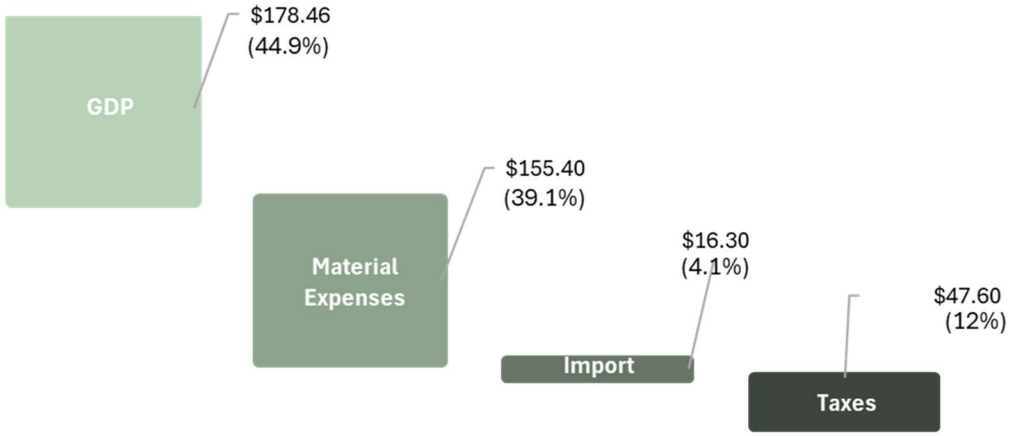
This section analyzes the main components of tourist spending and the three types of economic effects it generates.

3.2.1 Direct effects

As previously explained, direct effects refer to the immediate economic activity generated by an initial expenditure. In this case, it relates to total traveller spending within the Salmon Arms and Sicamous, which reached $397.8 million. To examine the direct impact in greater detail, this total can be broken down into four key components: Taxes, Imports, Material Expenses, and Gross Domestic Product (GDP).

As shown in Figure 6, when the total spending is broken down, GDP accounts for the largest share. This reflects the Value Added by all businesses contributing to the total, making it a key indicator of local economic performance. This component alone represents 44.9% of total spending, underscoring the importance of value creation within the region for both economic development and productivity. Moreover, this value-added portion also plays a significant role in driving the induced effect, which will be discussed in greater detail later in the document.

Figure 6. Breakdown of Tourism Spending Components in 2024 ($ millions)



*Taxes refer to consumer Taxes paid directly by visitors
Source: Author's estimation

Another key component is Material Expenses, which provide a significant share of 39.4%. This component reflects a strong potential for supply chain effects within the region because the final suppliers in this case are those providers of goods and services to visitors. Combined with Value Added, the Material Expenses create the domestic output (see Figure 2), which accounted for

83.9% of total spending in 2024, underscoring a high degree of local economic integration. Both components primarily benefit businesses located within the regional district.

In contrast, 4.1% of total spending is attributed to Imports[5], indicating that the tourism sector in the region is largely self-sufficient and relies minimally on external goods and services. Taxes, by comparison, account for 12% of total spending. While this component is generally not directly linked as a catalyst of the local business activity, it plays a crucial role from a government perspective, as it represents a significant financial transfer to public institutions and supports public revenue generation.

Considering that GDP represents the portion of spending that directly contributes to value creation, it becomes evident that this contribution varies across the different economic activities within the tourism sector. The table below presents total spending by economic activity, the corresponding GDP component, and the proportion of spending attributed to Value Added.

Table 1. Spending and GDP by Economic Activity

Economic Activity	Total Spending ($ millions)	Domestic Output ($ millions)	GDP ($ millions)	GDP/Spendings %
Retail	65.2	36.6	20.6	31.6%
Transportation	11.8	11.2	4.4	37.6%
Accommodation & Food Services	208.7	189.1	101.1	48.4%
Recreation & Related	48.5	40.6	20.6	42.4%
Other	63.6	56.3	31.8	50.0%
TOTAL	397.8	333.9	178.5	44.9%

Source: Author's estimation

As shown in Table 1, Accommodation and Food Services stand out as a leading contributor, with GDP accounting for 48.4% of spending in this sector. This is followed closely by recreation-related activities, which also show a high level of value creation. The aggregation of other sectors contributes meaningfully as well, reflecting the diverse and multifaceted nature of economic activities that drive the tourism industry.

From another perspective, it is possible to see the contribution of the Value Added[6] regarding the spending in dollar terms. For instance, it is possible to say that for every dollar spent in the

[5] It is worth noting that some import-related spending is reflected in the "Direct – Other BC" category. This classification effectively captures cases where the cost of goods purchased by visitors—such as Retail items—is attributed to suppliers located in other parts of the province or to imported sources. As such, this approach helps ensure a more accurate allocation of economic activity across regions and accounts for the origin of goods beyond the immediate local area.

[6] As previously mentioned, Value Added is the difference between the market value of a product or service and the cost of inputs used in its production (OECD, n.d.).

Accommodation and Food Services sector, approximately 48 cents is Value Added. At the other end of the spectrum, the Retail sector is around 32 cents of Value Added per dollar spent, highlighting the differences in economic contribution across sectors.

3.2.2 Indirect and Induced Effects

As outlined in the methodology, the indirect effect captures the chain reaction of economic activity that occurs within the supply chain following the initial spending by visitors. In essence, businesses that provide goods and services to tourists (the final consumers) must purchase inputs from their own suppliers to meet demand. These suppliers, in turn, procure additional inputs, generating successive rounds of production and spending throughout the local economy.

In parallel, the induced effect accounts for the additional economic activity driven by household spending. Specifically, it stems from the wages earned by employees whose jobs are supported, either directly or indirectly, by tourism-related expenditures. Unlike the indirect effect, which is confined to supply chain dynamics, the induced effect circulates more broadly through the local economy as households spend income on a wide range of goods and services.

An example of the entire process can be seen when a tourist purchases an item from a local artisanal clothing store. The money spent by the tourist represents the **direct impact**, it is the initial transaction between the visitor and the business.

In turn, the store owner must restock their inventory by purchasing clothing items from local artisans, and those artisans need to buy fabric, buttons, and other materials to produce more goods. This chain of purchases among businesses represents the **indirect effect**, as the initial tourist spending stimulates further economic activity along the supply chain.

Finally, the **induced effect** is generated when the employees throughout this chain, those working at the store and the artisans' workshops, use their wages to buy goods and services in the local economy, such as groceries, transportation, or childcare. In this way, the tourist's original purchase contributes not only to the retail sale but also supports broader household spending across the community.

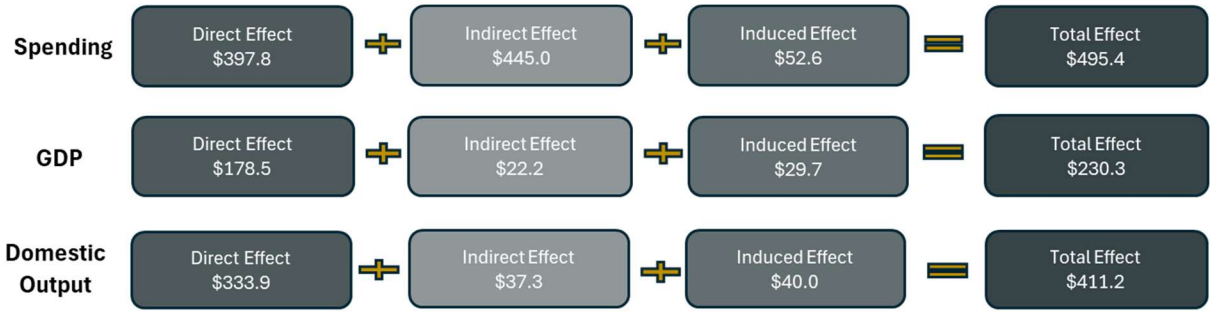
Both the indirect and induced effects are estimated at the Regional District level, allowing us to track how tourism-related spending expands and multiplies its impact across the broader district economy.

According to the RIOM model, the indirect contribution to GDP in the Salmon Arm and Sicamous area is estimated at $22.5 million, while the induced effect is projected at $30.2 million. Combining the direct, indirect, and induced effects, the total economic impact of visitor spending in the communities amounts to approximately $233.8 million. In relative terms, this total GDP effect is composed of 77.5% direct impact, 9.6% indirect impact, and 12.9% induced impact, illustrating the layered contribution of tourism spending to value creation in the region.

On average, this results in a multiplier effect of 1.25, meaning that for every dollar spent by visitors in those communities, an additional $0.25 of economic activity is generated in the Regional District economy.

Focusing specifically on GDP (Value Added), the direct effect accounts for $178.5 million. After applying the multiplier, the total GDP impact reaches $230.3 million (see details in Appendix 1), which represents a 29.1% increase over the direct effect alone.

Figure 7. Multiplier effect ($ millions)



Source: Author's estimation

The economic impact is not confined to the communities being analyzed. Several mechanisms allow tourism spending to spread throughout the province and beyond. One such mechanism is the purchase of goods and services from suppliers located in other regions, meaning that a portion of the initial spending supports businesses elsewhere in the province.

Another pathway is through household spending; when workers receive wages or salaries from tourism-related jobs, they may spend part of their income in areas outside their local community, thereby contributing to economic activity in other regions. Additionally, tax revenues generated from tourism can be redistributed by the provincial government, supporting public services and infrastructure in communities across the province.

In this context, the RIOM model estimates the extent to which tourism spending benefits the rest of the province. In terms of GDP, the spillover effect on other parts of British Columbia amounted to $87.6 million, which represents approximately 38% of the impact observed in the Columbia-Shuswap Region ($230.3 million). As a result, the total provincial-level economic impact reached $318 million in GDP (see Table 2).

Table 2. Total Effect at the regional and provincial level

Indicator	Regional ($ millions)	Rest of BC ($ millions)	Total Provincial ($ millions)
GDP	230.3	87.6	318.0
Material Inputs	180.8	81.6	262.4
Imports	35.0	53.1	88.1

Indicator	Regional ($ millions)	Rest of BC ($ millions)	Total Provincial ($ millions)
Taxes	49.2	2.1	51.4
Consumer Spending*	495.3	224.4	720.0

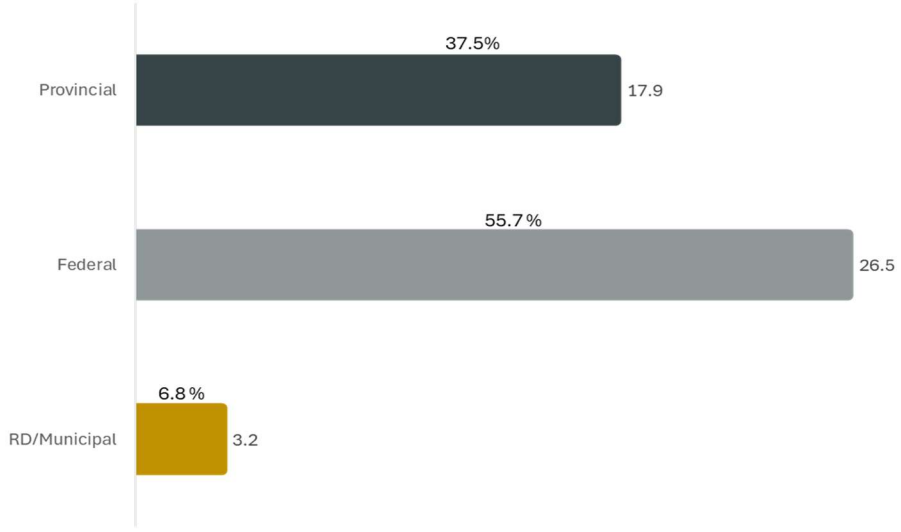
Source: Author's estimation

3.3 Taxes

To begin the analysis of Taxes, it is important to first recognize the various forms of direct taxation associated with tourism-related spending. These include Taxes paid explicitly by visitors, such as PST and GST on Retail goods, alcohol, restaurant food, accommodation services (including the MRDT), and air transport, as well as Taxes embedded in the prices of goods and services, such as excise duties, environmental levies, and the carbon tax. Additionally, personal income Taxes paid by employees whose wages are directly tied to serving visitors are also included.

As shown in Section 3.2.1, Taxes accounted for approximately 12% of total visitors spending, representing an estimated $47.6 million in direct impact. Figure 8 illustrates how these tax revenues are distributed across different levels of government according to the RIOM model. The majority (55.7%) is allocated to the provincial government, followed by 37.5% to the federal government, and approximately 6.8% to the municipal/RD level. This distribution highlights the significant role of provincial taxation in capturing revenue from tourism-related activity.

Figure 8. Tax Revenue Allocation Across Government Levels ($ millions)

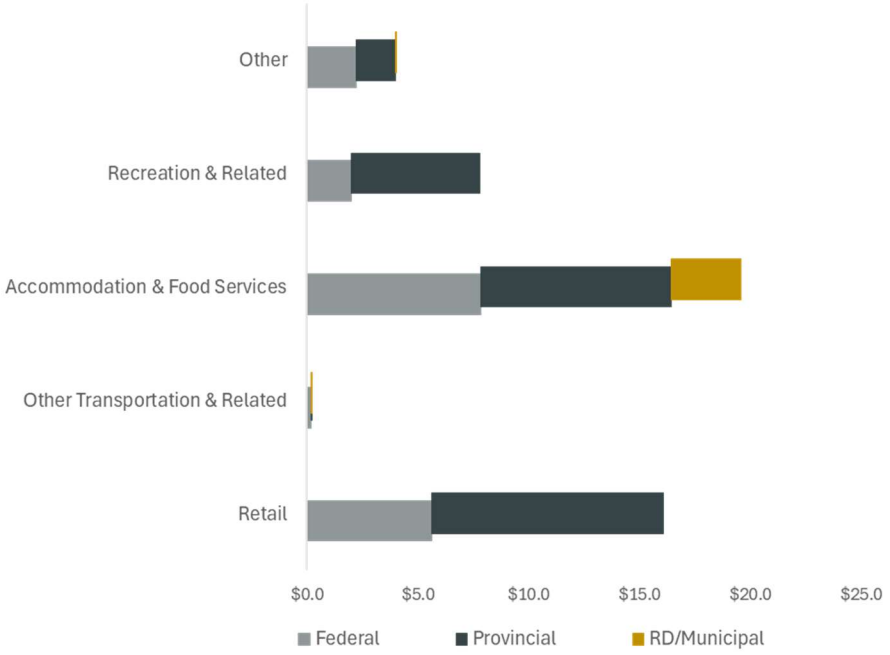


Source: Author's estimation

Additionally, tax contributions can be broken down by economic activity. According to Figure 9, the Accommodation and Food Services sector plays a significant role in overall tax generation, particularly in its contribution to municipal/RD Taxes. Despite a smaller share in total visitor

spending, the Retail sector ranks second in tax contributions, followed by recreation and related activities. Finally, transportation contributes a relatively small share at each level of government.

Figure 9. Distribution of Tourism Taxes Across Government Jurisdictions and Industry Sectors ($ millions)



Source: Author's estimation

As previously noted, the direct tax impact refers to the portion of visitor spending paid directly by consumers. However, tourism-related activities also generate additional layers of taxation through business revenues and employee wages. In addition to the $47.6 million in direct visitor Taxes, three other tax sources contribute to the total: business Taxes, personal income Taxes, and corporate Taxes. Businesses contributed $13.9 million, personal income Taxes totaled $13.4 million, and corporate Taxes added $9.4 million. Together, these indirect sources contributed $36.7 million, bringing total tourism-related tax revenue to $84.3 million. Notably, the combined contributions from businesses and wage-related Taxes nearly match the amount generated directly by visitors, almost doubling the overall fiscal impact of tourism.

Beyond the direct impact, tax revenues also grow through indirect and induced effects, which result from supply chain activities and the household spending of wages, respectively. As detailed in Appendix 2, when these additional layers are included, total tax revenues reach $84.3 million within the regional district, with $4.5 million attributed to indirect effects and $7.9 million to induced impacts.

At the provincial level, the full effect of Taxes, including those triggered by visitor spending, business activity, and labour income, amounts to $116.8 million. This corresponds to an average tax multiplier of 1.15 for the regional district and 1.39 for the province, reflecting the broader fiscal impact of tourism across multiple layers of the economy.

3.4 Employment

Another key variable in assessing economic impact is employment. As shown in Table 3, an estimated 2,661 jobs are directly supported by tourist spending. In addition, the indirect and induced effects, which include impacts across the broader Columbia-Shuswap Regional District, contribute 219 and 162 jobs, respectively. This brings the total employment impact within the regional district to 3,042 jobs. To account for effects in the rest of British Columbia, an additional 747 jobs should be included (see Appendix 3), resulting in a total employment impact of 3,789 jobs related to tourism spending.

The top five economic activities with the highest number of jobs in the Columbia-Shuswap Regional District, linked to tourism spending in the communities of Salmon Arm and Sicamous, accounted for 86% of total employment. These sectors were Food & Beverage Services, Accommodation Services, Arts, Entertainment and Recreation, Wholesale and Retail Trade, and Other Services.

At the provincial level, however, the top five sectors accounted for a smaller share, approximately 74%. Notice that Finance, Insurance, and Real Estate gained relative importance. This shift can be attributed to the fact that figures for the rest of British Columbia primarily reflect indirect and induced effects, which involve a broader range of economic activities. While tourism-centric sectors remain central, this distribution underscores the more diversified and interconnected nature of the provincial economy beyond the immediate region.

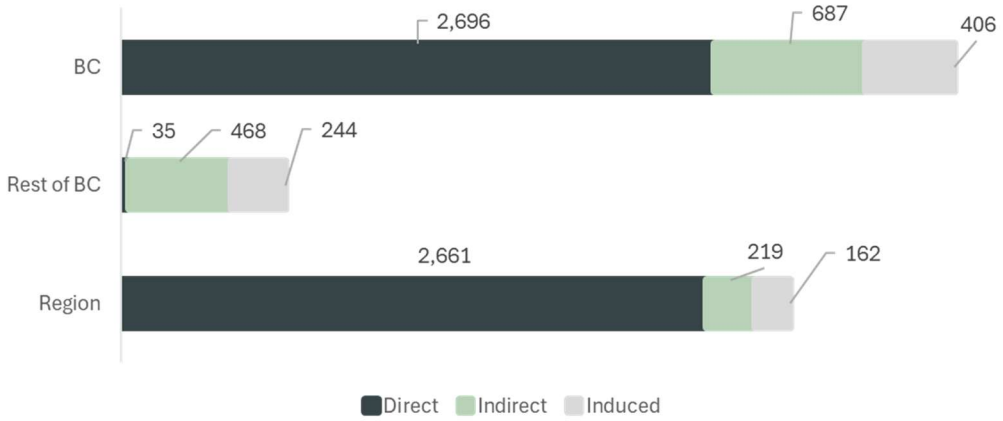
Table 3. Jobs by Economic Activity

Employment (jobs)	Direct	Indirect	Induced	REGIONAL TOTAL	REST OF BC TOTAL	TOTAL IMPACTS, BC
Primary Agr & Fish and Food Manuf	24	17	5	46	54	**100**
Forestry and Related Manuf	0	1	0	1	3	**4**
Oil, Gas, Other Mining and Related Manuf	0	0	0	1	2	**3**
Utilities	0	1	1	2	4	**5**
Construction	3	3	0	6	26	**32**
Other Manufacturing	3	7	3	13	30	**43**
Wholesale and Retail Trade	278	30	51	359	135	**494**
Transportation and Warehousing	78	20	4	103	54	**157**
Information and Cultural Industries	13	6	2	21	16	**38**
Fin, Insur. & Real Estate	98	27	25	150	89	**239**
Owner-Occupied Dwellings	0	0	0	0	0	**0**
Prof., Scientific and Tech. Services	0	17	1	19	43	**62**
Admin., Waste and Remediation Services	113	27	1	142	75	**217**
Education Services	1	2	9	13	18	**30**
Health and Social Services	14	2	12	28	22	**51**
Arts, Entertainment and Recreation	345	18	4	367	39	**406**
Accommodation Services	635	5	4	644	14	**659**
Food & Beverage Services	921	9	22	952	48	**999**
Other Services (except Public Admin.)	119	21	15	155	61	**216**
Public Adminstration	14	6	2	22	14	**36**
TOTAL	**2,661**	**219**	**162**	**3,042**	**747**	**3,789**

Note: To be more precise, the estimation of job maintained one decimal number.
Source: Author's estimation

The figure above presents the total employment generated by tourism-related spending; however, it is possible to classify this total into the three effects: direct, indirect, and induced. In the two communities of interest, the direct employment accounted for the largest share, supporting 2,661 jobs. Indirect and induced effects contributed an additional 219 and 162 jobs, respectively. In contrast, in the rest of the province, the distribution of employment effects shifts noticeably. While direct employment remained relatively modest at 35 jobs, the indirect impact rose significantly to 468 jobs, with induced employment reaching 244 jobs. This contrast highlights how the initial spending, concentrated within the region, triggers broader economic activity through supply chains that extend beyond the local area.

Figure 10. Employment Generated by Tourism-Related Spending, by Type of Effect



Source: Author's estimation

Finally, another way to analyze employment is by breaking down the direct impact within the region by economic activity, and by considering employment as full-time equivalents (FTEs). In this respect, Accommodation and Food Services accounted for the largest share of direct employment generated by tourism-related spending in Salmon Arm and Sicamous, supporting 1,670 jobs, of which 1,214 were FTEs. This sector alone represented a substantial portion of the total direct employment, which totalled 2,661 jobs and 1,974 full-time equivalents (FTEs) across all activities. A detailed breakdown by sector is provided in Appendix 3.

4. Relative Contribution to British Columbia's Tourism Sector

The following estimations are presented in gross terms and are intended to provide a sense of scale by comparing local tourism indicators with those at the provincial level. These comparisons aim to illustrate the relative importance of Salmon Arm and Sicamous within British Columbia's tourism economy. However, they are not meant to provide official provincial valuations or to replicate the methodology used by Destination BC for its own macroeconomic estimates.

For instance, Destination BC reported that annual tourism revenues in British Columbia reached $22.1 billion in 2023 (DBC, 2025). To align with the timeframe of this study, that figure was extrapolated to $23.7 billion for 2024. Based on this reference, the estimated tourism spending in Salmon Arm and Sicamous accounted for approximately 1.7% of the total provincial tourism revenue.

A similar comparison was applied to tourism's contribution to Gross Domestic Product (GDP). Adjusting for inflation and using 2017 constant dollars, tourism contributed $9.3 billion to BC's GDP in 2024. Within this context, the estimated GDP generated by tourism-related activity in Salmon Arm and Sicamous amounted to $160.2 million, again representing approximately 1.7% of the provincial figure.

Tax revenue comparisons reveal a slightly higher share. In 2024, tourism-related tax revenues in British Columbia were estimated at $2.7 billion. When focusing only on provincial and municipal/regional district taxes, Salmon Arm and Sicamous contributed an estimated $54.2 million, roughly 2% of the province-wide total. This indicates that while overall spending and GDP contributions are proportionate to 1.7%, the local share of tax revenue is somewhat more significant.

Lastly, the region's share of tourism-related employment is also notable. Based on Destination BC, approximately 129,400 jobs in British Columbia were supported by the tourism sector in 2024. The estimated number of tourism-related jobs in Salmon Arm and Sicamous (including the broader regional district) represents about 2.4% of that total, underscoring the importance of tourism as a regional employer and its slightly outsized role in supporting jobs compared to its spending share.

5. Conclusions, Recommendations and Limitations

5.1 Conclusions

This study assessed the economic impact of tourism in Salmon Arms and Sicamous for the year 2024 using the Regional Input-Output Model (RIOM) developed by Pacific Analytics. The analysis revealed that total tourism spending in the region reached $397.8 million, generating a direct GDP contribution of $178.5 million. When accounting for indirect and induced effects, estimated at $45 million and $52.6 million, respectively, total tourism-related spending rose to $495.4 million, and the cumulative GDP impact reached $230.3 million. The multiplier effect stood at 1.25 for total spending and 1.29 for GDP, underscoring the sector's broader economic influence. Tourism also supported 3,042 jobs within the region, with an additional 747 jobs linked to spillover effects in the rest of British Columbia, for a total employment impact of 3,789 jobs. Notably, the majority of tax revenue generated by tourism flowed to the provincial government, followed by federal and municipal/RD levels, with Accommodation and Food Services emerging as a key municipal/RD revenue generator. In gross terms, this activity represented approximately 1.7% of British Columbia's total tourism GDP, with tax and employment contributions slightly higher at 2.0% and 2.4%, respectively, highlighting the region's meaningful role within the broader provincial tourism economy.

5.2 Recommendations

Community Engagement and Communication: To ensure local support for tourism, governments should actively communicate the sector's economic value, particularly its role in job creation and municipal/RD revenues. Initiatives to raise public awareness and promote shared benefits can help mitigate potential resident-tourist tensions.

Enhance Data Collection: Future studies would benefit from quarterly data and the ability to distinguish between leisure and business visitors. Investments in more granular and real-time data would improve the precision of impact modelling.

Benchmark Against Provincial Totals: For strategic planning, it is recommended to conduct parallel provincial and regional-level impact studies to better contextualize the regional figures and assess Salmon Arms and Sicamous's relative importance within British Columbia's tourism economy.

5.3 Limitations

This study is subject to several limitations. First, the analysis is based on a single year of data (2024), which restricts temporal comparisons and trend analysis. Second, the inability to separate leisure and business visitors limits the understanding of tourism segments and their specific impacts. Third, benchmarking was required to estimate food and beverage allocations within Retail and other services due to data gaps. Additionally, while the RIOM model provides robust regional analysis, the absence of a province-wide impact assessment limited the ability to compare regional outcomes to broader provincial trends. Lastly, informal or unreported tourism-related economic activities were not captured in the model, potentially underestimating total impacts.

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7. Appendix A

Appendix 1. Summary of Economic Impacts for All Markets (Provincial, Interprovincial, and International), 2024 ($000)

Indicator	Direct	Indirect	Induced	REGIONAL TOTAL	Direct***	Indirect	Induced	REST OF BC TOTAL	TOTAL IMPACTS, BC
Consumer Spending*	397,767	44,987	52,642	495,395	26,431	130,997	66,991	224,419	719,814
Direct International Imports	*9,824*	*3,448*	*6,338*	*19,609*	*4,441*	*12,974*	*8,064*	*25,479*	*45,088*
Direct Interprovincial Imports	*6,480*	*4,206*	*4,680*	*15,365*	*9,232*	*12,435*	*5,955*	*27,622*	*42,987*
Direct Forward Taxes	*47,603*	-	*1,652*	*49,254*	-	-	*2,102*	*2,102*	*51,356*
Domestic Output**	333,861	37,332	39,973	411,166	12,758	105,589	50,870	169,217	580,383
GDP at Basic Prices	178,456	22,178	29,703	230,337	5,062	52,559	30,019	87,640	317,977
Real GDP at Basic Prices ($2017)	160,271	16,938	24,733	201,942	3,729	40,204	24,992	68,925	270,868
Material Inputs	155,405	15,154	10,270	180,829	7,696	53,030	20,851	81,577	262,406
Labour Income	111,132	13,763	9,199	134,094	2,765	31,253	20,313	54,331	188,425
Wages and Salaries	*85,885*	*9,500*	*6,229*	*101,614*	*2,274*	*21,915*	*10,521*	*34,711*	*136,325*
Mixed Income	*16,553*	*3,035*	*2,205*	*21,793*	*191*	*6,610*	*8,510*	*15,311*	*37,104*
Employers' social contributions	*8,694*	*1,228*	*764*	*10,687*	*300*	*2,728*	*1,282*	*4,310*	*14,997*
Employment (jobs)	2,661	219	162	3,042	35	468	244	747	3,789
Employment (FTEs)	1,974	175	125	2,274	30	375	189	594	2,868

Appendix 2. Summary of Impacts in Taxes for All Markets (Provincial, Interprovincial, and International), 2024 ($000)

Indicator	Direct	Indirect	Induced	REGIONAL TOTAL	Direct***	Indirect	Induced	REST OF BC TOTAL	TOTAL IMPACTS, BC
Total Taxes	**$84,301**	**$4,451**	**$7,880**	**$96,632**	**$658**	**$10,571**	**$8,994**	**$20,223**	**$116,855**
Total Federal Taxes	***$34,645***	***$2,179***	***$3,656***	***$40,480***	***$187***	***$4,998***	***$4,002***	***$9,187***	***$49,667***
Total Indirect Taxes	*$19,550*	*$156*	*$1,079*	*$20,785*	*$26*	*$423*	*$1,373*	*$1,823*	***$22,608***
Fed Trading Profits Tax	*$98*	*$0*	*$2*	*$99*	*$0*	*$0*	*$2*	*$2*	***$102***
Fed Gasoline Tax	*$1,376*	*$21*	*$24*	*$1,421*	*$15*	*$69*	*$31*	*$115*	***$1,536***
Fed Excise Tax	*$8*	*$0*	*$0*	*$9*	*$0*	*$1*	*$0*	*$1*	***$10***
Fed Excise Duties	*$1,319*	*$7*	*$29*	*$1,355*	*$2*	*$17*	*$37*	*$56*	***$1,411***
Fed Air Transport Tax	*$32*	*$1*	*$6*	*$40*	*$0*	*$3*	*$8*	*$12*	***$51***
Fed Import Duties	*$752*	*$11*	*$22*	*$784*	*$3*	*$36*	*$28*	*$67*	***$851***
GST	*$15,657*	*$76*	*$905*	*$16,638*	*$3*	*$198*	*$1,152*	*$1,352*	***$17,990***
Fed Proportion of HST	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	***$0***
Indirect Taxes on Production	*$308*	*$40*	*$90*	*$438*	*$3*	*$100*	*$114*	*$217*	***$655***
Personal Income Taxes	*$9,577*	*$1,281*	*$852*	*$11,711*	*$0*	*$3,107*	*$1,271*	*$4,378*	***$16,089***
Corp. Income Taxes	*$5,518*	*$742*	*$1,725*	*$7,984*	*$161*	*$1,467*	*$1,358*	*$2,986*	***$10,970***
Total Provincial Taxes	***$42,428***	***$1,755***	***$3,050***	***$47,233***	***$431***	***$4,282***	***$3,499***	***$8,212***	***$55,445***
Total Indirect Taxes	*$34,730*	*$704*	*$1,730*	*$37,165*	*$303*	*$1,986*	*$2,202*	*$4,491*	***$41,656***
Prov Environmental Tax	*$3,193*	*$136*	*$138*	*$3,467*	*$130*	*$404*	*$176*	*$711*	***$4,178***
Prov Trading Profits Tax	*$9,446*	*$24*	*$197*	*$9,666*	*$6*	*$58*	*$250*	*$314*	***$9,980***
Prov Gas Tax	*$4,380*	*$79*	*$93*	*$4,551*	*$56*	*$250*	*$118*	*$423*	***$4,975***
Prov. Land Transfer Tax	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	***$0***
Prov Other Tax	*$412*	*$0*	*$5*	*$417*	*$0*	*$0*	*$7*	*$7*	***$424***
PST	*$15,296*	*$208*	*$717*	*$16,221*	*$92*	*$632*	*$913*	*$1,636*	***$17,857***
Provincial Proportion of HST	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	***$0***
Aboriginal Trading Profits	*$15*	*$0*	*$0*	*$15*	*$0*	*$0*	*$0*	*$0*	***$16***
Prov. Indirect Taxes on Production	*$1,989*	*$258*	*$580*	*$2,827*	*$19*	*$642*	*$738*	*$1,400*	***$4,228***
Royalties/Prov. Resource Taxes	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	***$0***
Personal Income Taxes	*$3,856*	*$503*	*$333*	*$4,693*	*$0*	*$1,220*	*$497*	*$1,717*	***$6,409***
Corp. Income Taxes	*$3,841*	*$547*	*$987*	*$5,375*	*$128*	*$1,076*	*$800*	*$2,004*	***$7,379***
Total Municipal/RD Taxes	***$7,228***	***$518***	***$1,173***	***$8,919***	***$40***	***$1,291***	***$1,493***	***$2,825***	***$11,744***
Municipal Land Transfer Tax	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	***$0***
Municipal Sales Tax**	*$3,308*	*$9*	*$30*	*$3,347*	*$2*	*$25*	*$38*	*$65*	***$3,412***
Property, Business & Other Mun. Taxes	*$3,921*	*$508*	*$1,144*	*$5,573*	*$38*	*$1,266*	*$1,455*	*$2,760*	***$8,332***

*Consumer Spending includes Forward Consumer Taxes (e.g., accommodation Taxes on hotel visits is included in spending).
**Domestic Output is equal to Spending minus Imports minus Consumer Taxes.
***Rest of British Columbia Direct: The producer cost of goods (i.e., the cost excluding wholesale, Retail and transportation margins, Taxes, etc.) is measured at the factory gate. For some consumer spending (think the purchase of clothing), those factories may be located in other regions. Consumer Taxes are assigned to Columbia-Shuswap.
****Municipal Sales Taxes include Accommodation MRDT Taxes, municipal parking Taxes and MST on Electricity.

Appendix 3. Employment Attributable to Tourism Spending, 2024 (All the Markets)

Employment (jobs)	Direct	Indirect	Induced	REGIONAL TOTAL	Direct***	Indirect	Induced	REST OF BC TOTAL	TOTAL IMPACTS, BC
Primary Agr & Fish and Food Manuf	24	17	5	46	6	40	8	54	**100**
Forestry and Related Manuf	0	1	0	1	0	3	0	3	**4**
Oil, Gas, Other Mining and Related Manuf	0	0	0	1	1	1	0	2	**3**
Utilities	0	1	1	2	0	3	1	4	**5**
Construction	3	3	0	6	0	26	0	26	**32**
Other Manufacturing	3	7	3	13	1	24	5	30	**43**
Wholesale and Retail Trade	278	30	51	359	12	48	75	135	**494**
Transportation and Warehousing	78	20	4	103	7	40	7	54	**157**
Information and Cultural Industries	13	6	2	21	1	12	3	16	**38**
Fin, Insur. & Real Estate	98	27	25	150	0	52	37	89	**239**
Owner-Occupied Dwellings	0	0	0	0	0	0	0	0	**0**
Prof., Scientific and Tech. Services	0	17	1	19	0	40	2	43	**62**
Admin., Waste and Remediation Services	113	27	1	142	7	66	2	75	**217**
Education Services	1	2	9	13	0	4	14	18	**30**
Health and Social Services	14	2	12	28	0	4	18	22	**51**
Arts, Entertainment and Recreation	345	18	4	367	0	34	6	39	**406**
Accommodation Services	635	5	4	644	0	8	7	14	**659**
Food & Beverage Services	921	9	22	952	0	16	32	48	**999**
Other Services (except Public Admin.)	119	21	15	155	0	38	23	61	**216**
Public Adminstration	14	6	2	22	0	10	3	14	**36**
TOTAL	**2,661**	**219**	**162**	**3,042**	**35**	**468**	**244**	**747**	**3,789**

Appendix 4. Part 1: Direct Impact by Economic Activity for All the Markets ($000)

Economic Activity	TOTAL SPENDING	DOMESTIC OUTPUT	GDP AT BASIC PRICES	REAL GDP AT BASIC PRICES	LABOUR INCOME			EMPLOYMENT	
					Wages & Salaries	Benefits	Mixed Income	Jobs	FTEs
Retail	$65,166	$36,555	$20,572	$16,545	$10,514	$1,271	$624	284	211.9
Retail Commodities		*$8,405*	*$2,873*	*$2,122*	*$1,184*	*$265*	*$102*	27	23.6
Store Margins		*$28,151*	*$17,699*	*$14,423*	*$9,330*	*$1,005*	*$521*	256	188.3
Air Transport	$828	$780	$292	$345	$156	$25	$1	1	0.8
Other Transportation & Related	$10,986	$10,438	$4,146	$3,111	$2,133	$283	$715	55	54.2
Accommodation & Food Services	$208,690	$189,134	$101,074	$97,348	$46,619	$4,062	$11,528	1,670	1,214.2
Recreation & Related	$48,529	$40,637	$20,565	$16,019	$10,342	$1,329	$2,344	347	236.4
Other	$63,567	$56,315	$31,807	$26,904	$16,121	$1,724	$1,341	304	256.5
TOTAL	**$397,767**	**$333,861**	**$178,456**	**$160,271**	**$85,885**	**$8,694**	**$16,553**	**2,661**	**1,974.1**

Part 2: Direct Impact by Economic Activity for All the Markets ($000)

Economic Activity	CONSUMER TAXES	BUSINESS TAXES	PERSONAL INCOME TAXES	CORPORATE INCOME TAXES	IMPORTS	
					International	Interprovincial
Retail	$16,036	$1,037	$1,448	$1,065	8,789	3,785.5
Retail Commodities	*$15,469*	*$196*	*$185*	*$182*	8,789	3,783.4
Store Margins	*$567*	*$842*	*$1,264*	*$883*	0	2.1
Air Transport	$48	$19	$38	$4	0	0.1
Other Transportation & Related	$152	$724	$462	$117	67	327.8
Accommodation & Food Services	$19,556	$9,766	$7,178	$5,331	0	0.0
Recreation & Related	$7,774	$1,050	$1,535	$865	111	7.8
Other	$4,037	$1,309	$2,771	$1,978	857	2,358.4
TOTAL	**$47,603**	**$13,906**	**$13,433**	**$9,359**	**9,824**	**6,479.7**

Part 3: Direct Impact by Economic Activity for All the Markets ($000)

Economic Activity	CONSUMER TAXES			BUSINESS TAXES			PERSONAL INCOME TAXES	
	Federal	Provincial	RD/Municipal	Federal	Provincial	RD/Municipal	Federal	Provincial
Retail	5,616.8	10,419.3	0.0	68.7	546.1	422.4	1,038.4	410.1
Retail Commodities	5,376.1	10,093.0	0.0	18.6	112.5	64.6	133.0	51.7
Store Margins	240.7	326.4	0.0	50.1	433.6	357.8	905.4	358.4
Air Transport	47.8	0.0	0.0	3.8	14.7	0.7	27.0	11.4
Other Transportation & Related	127.5	19.7	5.2	34.7	608.1	81.2	331.6	130.7
Accommodation & Food Services	7,851.8	8,553.6	3,150.4	1,248.0	5,405.0	3,113.3	5,088.4	2,089.6
Recreation & Related	1,997.4	5,776.3	0.0	171.4	739.7	139.1	1,101.9	433.5
Other	2,223.6	1,746.7	66.3	157.9	901.1	249.9	1,990.1	780.6
TOTAL	**17,865.0**	**26,515.7**	**3,221.9**	**1,684.5**	**8,214.7**	**4,006.6**	**9,577.4**	**3,856.1**

8. Appendix B

National Accounting (also termed Economic Accounting) assumes a company undertakes two steps in its production process. First, it purchases material inputs from other industries; and second, it transforms those material inputs into finished goods (or services), ready for resale. Take as an example a Restaurant. Restaurants buy fresh vegetables, meat, etc. from the Agriculture sector. Using other material inputs (e.g., electricity, cooking oil, etc.), it transforms them into finished dishes, which, in turn, are sold at a selling price higher than the cost of its inputs. The difference between the selling price and the material input cost is the "mark-up" or "value-added". This value-added is used to pay for the kitchen and wait personnel, any Taxes levied by governments, the depreciation of equipment, any interest costs the restaurant may have, and will also generate, the owner hopes, a profit.

National Accounting asserts that the value which the restaurant sector adds to the economy (hence, the term "Value Added") is equal not to the total revenues of Restaurants, but only to this "mark-up" value. That is, the value of an industry to an economy is the difference between the value of its output (effectively, total operating revenues) and the cost of its material inputs. In this way, the Restaurant industry does not claim the value of the agriculture inputs it uses, which should rightly be accounted for by the Agriculture industry. As a result, there is no double counting when measuring the value of the entire economy.

In other words: the value-added of the Outfitting Industry is the revenue from all of its sales to clients (output) minus all of its costs for payments to other firms for goods or services (material inputs), or:

Value Added = Output (or Final Sales) - Material Inputs

Another way of defining Value Added is that it is the sum of an industry's payments to employees, for indirect Taxes, for depreciation and interest costs, and for profit:

Value Added = Labour + Indirect Taxes + Depreciation + Interest Costs + Profit

The resulting value-added of any firm (or industry) is available to be shared among labour (wages, salaries and benefits), indirect Taxes and "operating surplus." The operating surplus itself is shared between payments for the use of physical capital (depreciation), payments for the use of monetary capital (interest costs), and payments (profits) to the owner(s) of the enterprise. Value-added is an industry's contribution to, or direct impact on, the economy. And the sum of value-added of all industries is termed the country's Gross Domestic Product (GDP).

An important distinction needs to be made between Financial Accounting and National Accounting. Under financial accounting, an industry which has a high Value Added (i.e., contributes a lot to the economy), can be unprofitable if, for example, its payments to labour or for interest costs are too high. Alternatively, low value-adding industries can be very profitable to their owners, depending on their usage of labour and their capital structure.

Economists have standardized the measure of these flows and the inter-relationships of inputs and outputs among industries through the concept of Input-Output (I/O) analysis. The SUPPLY matrix identifies the various types of output the sector produces. The USE matrix highlights all of the various types of inputs used to produce that output.11 One can readily determine from these tables that subtracting total Material Inputs from total Output leaves Gross Domestic Product (GDP). This GDP is equal to the sum of Wages and Salaries, Benefits, and Operating Surplus.

The GDP-to-Output ratio is a measure of the direct contribution to the economy per dollar of output. Clearly, an industry that requires a lower dollar value of inputs to produce a given dollar of output is a higher value-adding industry. One must note, however, that a higher GDP-to-Output ratio does not imply that the industry is more important to the economy. It merely states that for every dollar of output the impact on the economy is greater. Obviously, when examining an industry's importance to an economy one must also take into account the total output of the industry. There is, however, another important characteristic of an industry that must be examined if one is to determine the importance of a sector to the local economy: its linkages to other industries.

When inputs such as fresh produce or meat are purchased by the Restaurant sector, the industries supplying those goods and services (in this case farmers, food manufacturers, and food wholesalers and Retailers) increase their own economic activity. This increased activity itself creates demand for other products. Farmers, for example, may need more fertilizers for their land and more petrol to run their machinery. Food wholesalers may require additional box material. The demand for extra fertilizers and petrol and box material will, in turn, stimulate activity in the fertilizer, petrol and box industries. The increased activity in the fertilizer industry will create greater demand for its own inputs, perhaps some chemicals. And so it continues down the chain of industries. The sum effects of all this additional economic activity are known as indirect impacts. Such indirect impacts (also known as "multiplier effects" or "spin-offs") on the economy clearly are important. They should not be ignored (as they usually are with financial accounting) if we are to measure the true benefits of an industry to an economy. An interesting observation is that, while it is true that high value-adding industries have low indirect impacts, those industries with relatively lower direct impacts have relatively higher indirect impacts.

This is because, by definition, low value-adding industries consume more inputs per dollar of output and thus have a greater impact on their supplying industries. It should be noted, however, that the level of indirect impacts is highly influenced by the type of goods and services demanded and by the propensity of the companies (or the economy) to import those particular goods and services. The higher the propensity to import the required goods and services, the lower will be the effects on the local economy. Indeed, an industry that Imports all its inputs will have virtually no indirect impact on the economy, save the small level of distributive activity (wholesale, Retail and transportation margins) the Imports may generate.

Increased industrial activity has a third effect on the economy. When additional wages and salaries are paid out, those dollars (appropriately adjusted for Taxes and savings) are available to be re-spent on consumer goods and services. Take, for example, an additional $1 million in wages resulting in say, an increase of disposable income of $750,000. Depending on the spending

patterns, this may result in extra consumer spending of say, $500,000 in the Retail sector (the remaining being spent in the entertainment sector, restaurant sector, etc.). This will increase the economic activity of the manufacturers and other suppliers of consumer goods who, in turn, will increase their own employment and their own wage payments. The sum effects of this additional activity due to increased wages are known as induced impacts. Again, it should be clear that, like indirect impacts, induced impacts are highly influenced by the economy's propensity to import, as well as by taxation and savings rates, the level of wages paid to employees and the level of capacity at which the economy is operating.

The question arises: given that there are many levels of indirect and induced spending which affect many different firms and industrial sectors, how can we estimate these impacts on the economy? Fortunately, economists have developed a method to estimate these impacts, by using the same input-output tables to which we already have been introduced.12 However, since the base information is coming from financial statement data directly provided by operators, it is critical to understand how financial statement data are re-structured to meet National Accounting standards.

Technical Differences

Although the National Accounting (Input-Output) measurement of the value and impacts of Restaurants begins with the same set of data as the financial results of the industry, a number of adjustments are required in order to conform to strict National Accounting standards. To avoid possible confusion, these technical differences between Financial Accounting and National Accounting should be understood. The intent here is not to provide a comprehensive or definitive discussion of these differences, however, but rather to provide a cursory overview. For a more in-depth discussion of the differences and of the methodology underlying National Accounting, the interested reader is referred to the National Accounting compendium published by the UN.

The following outlines the major differences:

1. The first and perhaps most important difference is that National Accounting measures all non-tax related revenues and expenses related to production, even those not itemized on the corporate income statement. Hence, gratuities paid to staff are included as output (in the case of the Restaurant Industry, as an increase in Restaurant revenues). This increases output but not material inputs, and therefore it increases the estimate of GDP (Output – Inputs) by precisely the amount of gratuities. Using our other definition of GDP (GDP = indirect Taxes + wages, salaries and benefits + operating surplus), we see that the increase in GDP is reflected in an increase in wages and salaries equal to the reported gratuities.

2. Another (usually) off-budget item is an estimate of the value of imputed room and board. On the Output side there is an increase in lodging revenues and, since the provision of room and board is a value to the employee, it is considered equivalent to a wage subsidy, and thus contributes to overall GDP. Normally, the cost of food is already accounted for within the financial statement, thus the net impact on GDP is equal to the value of the imputed room and board. Statistics Canada has

standard values that it uses to assess the value of this room and board and it is that standard that is used in this report.

3. At the same time, National Accounting omits revenues not directly related to the production process. Generally, these incomes are limited to interest and dividend earnings, but include nonoperating revenues related to rental incomes, commissions and the like.

4. A fourth difference is that, under National Accounting, the value of each input in the USE matrix is stated in "producer" prices. That is, all wholesale, Retail, and transportation costs included in the "purchaser" price of a commodity are removed, as are all commodity Taxes, indirect Taxes and import duties. These "distributive and tax margins," as they are called, are explicitly recognized in the USE matrix as separate line items. The reader should understand that this does not in any way reduce the total cost of inputs to the industry; it simply re-assigns the costs to different input categories.

5. A fifth difference lies in the treatment of merchandise sales. National Accounting treats the purchase of merchandise as partly a purchase from the manufacturer of the good (equal to the cost price of the good less distributive and tax margins) and partly a purchase from the Retailer (equal to the mark-up for the good). Consequently, in an input-output table for a sector selling some Retail goods, there is no recognition of the cost of the merchandise on the input (USE) side, and only the mark-up value is recognized on the output (Supply) side. The cost of the merchandise is captured in the Manufacturing sector as output. It is for this reason that some analysts recognize certain manufacturing industries as direct tourism, even though tourists do not actually buy any goods directly from those manufacturers.

6. Related to this unusual approach to merchandise sales is the treatment of "service margins." When a firm purchases a product (such as liquor, beer or wine) and re-sells it with a mark-up without any fundamental change to it, National Accounting recognizes only the mark-up or "service margin" as output. It then treats the purchase cost of the product (less distributive and tax margins) as an output to the original producer of the good. The main instance that affects most industries (besides Retail sales) is alcohol sales. In this case, only the service margins are recognized as output, and the costs are assigned to the alcohol manufacturing sectors (beer, wine and liquor/distillers). In effect, then, the alcohol manufacturing sector is a direct provider to tourists under National Accounting principles.

The following simplified diagram may help explain some of these differences. On the left hand side is a financial statement containing revenues for rooms, food and beverage, rental income, merchandise sales, and interest and dividend payments. Room and Food & Beverage revenues are

mapped directly into the Accommodation and Restaurant categories, but with the addition of (say, 10%) gratuities. Rental Income is part of the production process and therefore is entered on the National Accounting side. Merchandise under National Accounting is the net value. Interest and Dividends are not part of production, and they are excluded from the right-hand side. Operating Expenses are mapped and broken down according to their constituent parts: the cost at the factory gate, the distributive (wholesale, Retail and transportation) costs, and the various Taxes and duties. Wages go directly into the Wages and Salaries component but include the gratuities.

9. Appendix C

To estimate GDP, figures were based on data from Destination BC's Value of Tourism 2023 report (2025). This value was adjusted by applying British Columbia's annual inflation rate (3.4%) (Government of British Columbia, 2025) and Canada's real GDP growth rate (3.7%) (Statistics Canada, 2025) to approximate 2024 values. The resulting figure was then deflated using the same factor applied in the report's tables, ensuring consistency with Destination BC's use of constant 2017 dollars. A similar approach was used to estimate tourism-related tax revenue, with the exception that deflation was not applied, as comparisons were made using current 2024 dollars.

For employment estimates, the most recent data available from Destination BC's Value of Tourism report referred to 2022. As this figure reflects employment attributable exclusively to tourism activity, it provides a valid foundation. To project employment for 2024, average growth trends from go2HR (go2HR, 2025) were used to construct a compound growth factor, which was applied to the 2022 baseline.

All comparisons to provincial-level data are presented in gross terms and are intended to provide a general sense of scale. They are not intended to replicate Destination BC's official methodology or serve as a substitute for formal provincial accounts.