2019 Tourism Economic Benefits and the Economic Impacts of Labour Market Challenges in Golden BC

1.0. EXECUTIVE SUMMARY

Please note that the COVID 19 global pandemic started after data collection and during the data analysis and economic impact modeling stage of this research. Therefore, those impacts have not been described or accounted for in this research. The short-term negative impacts on the tourism industry have already proven to be substantial. While the medium- and longer-term negative impacts are unknown, it is anticipated they will be far-reaching and devastating for the entire global tourism industry.

Introduction and Research Approach

Tourism is one of the largest and fastest-growing economic sectors in British Columbia, Canada and the world. The rapid industry growth, a declining youth population, and the largest number of people in history about to retire and leave the workforce all lead to a projected tourism labour market shortage throughout British Columbia.

Golden, British Columbia is not insulated from rapid tourism growth and demographic shifts causing tourism labour market challenges. In addition, several other factors have amplified Golden's tourism labour market challenges. They include:
- The small population,
- The remote setting adjacent to six of Canada's most stunning National Parks,
- The seasonal nature of the tourism experiences offered,
- The lack of transportation connections to larger urban centres as well as public transportation within Golden,
- The lack of affordable housing available to the tourism workforce, and
- Globally, the awareness of Golden as a tourism destination is low compared with other nearby communities like Banff and Jasper, Alberta. This in turn, creates lower global awareness of Golden as a place for short-term jobs.

As a result of these factors, in recent years, Golden tourism businesses have increasingly reported challenges in the ability to attract and retain employees.

Tourism Golden (TG) has provided tourism marketing services to the town of Golden and Kicking Horse Country since 2007. The 2019 TG marketing plan has a research strategy that states, *We will implement seasonal visitor studies, research destination reputation and support stakeholder efforts on sector-specific research. Subject to funding, we will undertake a study on the economic impact of tourism, and specifically the impact of labour shortages.* The research strategy goals were to summarize:
1. Insight into visitor demographics, travel motivations and habits and the impact of DMO activity,
2. Insight into destination reputation and specifically the impact of KH Canyon project, and
3. Understanding the value of tourism and the impact of labour shortages.

Research strategy goal 3 was developed due to the lack of a full tourism economic impact study and the growing tourism labour market challenges in the area. To better understand the economic importance of tourism, it's labour market challenges and the economic cost of those challenges, Tourism Golden obtained funding from the

Government of Canada and the Province of British Columbia and the Columbia Basin Trust to initiate this research. The project has also been supported by the Kicking Horse Country Chamber of Commerce.

The project objectives were:
1. To estimate the economic impact(s) of tourism in Golden,
2. To describe characteristics of tourism labour market challenges in Golden, and
3. To estimate the economic impact(s) of tourism labour market challenges in Golden.

A four-step research project was implemented to fulfill project objectives. Research steps included, developing an inventory of Golden tourism-related businesses, collecting data via an online business survey, survey data analysis and revenue and expenditure estimate development, and finally economic impact modeling.

During the inventory process, a total of 285 tourism related businesses[1] were identified. The accommodation sector was the largest (32%), followed by the food and beverage sector (18%), the outdoor recreation sector (13%) and the retail/shopping sector (11%).

Overall, there was a 37% response rate to the online business survey with the highest response rate for outdoor recreation (55%) and paid accommodations (47%), while the lowest response rate was for transportation (22%) and other services (15%). Except for the small number of transportation and other services businesses, generally the survey responses were representative of the tourism industry in Golden.

Results

- Similar to provincial trends, most tourism-related businesses are small (< 5 employees), have gross annual revenues of less than $1 million and operate in the accommodation and food and beverage sector of the tourism industry.

- In 2019, direct tourism revenue of tourism-related businesses in Golden was $124.5 million. This estimate was less than tourism revenues in larger cities like Kamloops ($282 million, 2018), or Kelowna ($337 million, 2016) and tourism hot spots like Banff/Canmore/Jasper ($1,009 million, 2012) or Tofino ($295 million, 2018) but more than $95 million in Squamish (2019),[2] and Fernie ($100 million, 2014/15).[3]

- 2019 tourism-related business revenues have substantial direct, indirect and induced economic impacts in Golden as well as in the rest of BC. They include:
  o $174 million in domestic output and $87.8 million in Gross Domestic Product (GDP),
  o $61.7 million in labour income including, $44.6 million paid in wages and salaries, $11.8 million in mixed income and $5.3 million in employers' social contribution,
  o 1,866 jobs, and
  o $34.5 million paid in taxes, this includes $17.2 million in federal taxes (50%) and $13.5 million (in provincial taxes (39%) and $3.8 million in municipal taxes (11%).

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[1] Defined as any business in the Golden area that provides services to visitors.
[2] Pacific Analytics 2019. Personal communication.
[3] https://tourismfernie.com/uploads/documents/4/FernieValue-Of-Tourism-3.pdf

- Tourism-related businesses perceive labour market challenges the most severe with recruiting *qualified* employees, followed by recruiting employees (in general) and retaining employees.

- Almost half (46%) of tourism-related businesses experienced labour market challenges. These labour market challenges were the most severe in the summer when 84% of tourism-related businesses ranked it as a moderate or severe problem. Fewer businesses ranked labour market challenges as moderate or severe in the winter (43%), spring (43%) and fall (40%).

- Of the 46% of tourism-related businesses with labour market challenges, two-thirds (67%) were unable to hire all the people they needed. This means, in total, about 31% of all Golden tourism-related businesses were unable to hire all the people they needed to fully operate their business. In total, there were an estimated 325 unfilled positions in Golden in 2019.

- The impacts of labour market challenges were documented as extensive and far reaching. Most tourism-related businesses experienced missed business opportunities (67%), employee and management burnout (67%), increased overtime expenditures (64%) or hire under-qualified staff (55%). Fewer experienced reduced customer service (48%) and business hours (48%), had increased business costs (36%) or had to turn clients away (30%).

- Of all tourism sectors, Golden's labour market challenges have the most dramatic impact on food and beverage businesses, followed by accommodations and outdoor recreation and attraction businesses.
  - Most food and beverage businesses (79%) experienced labour market challenges while almost all of them (91%) were unable to hire all the people they needed.
  - Four-in-10 accommodation businesses (41%) experienced labour market challenges and two-thirds (64%) were unable to hire all the people they needed.
  - Almost half (47%) of outdoor recreation and attraction businesses experienced labour market challenges and 44% were unable to hire all people needed.

- Tourism-related businesses experienced additional expenditures because of labour market challenges. In 2019, it is estimated that increased expenditures totaled $2.4 million due to increased overtime, staff/management burnout or other expenditures in 2019.

- Tourism-related businesses estimated their revenues lost as a result of labour market challenges. All together, the resulting revenue losses due to labour market challenges were estimated to be $6.6 million or about 5% more than current revenues. In other words, without labour market challenges, tourism-related businesses would have earned an additional $6.6 million in tourism revenues. When direct, indirect and induced spending were accounted for, it is estimated that 2019 tourism revenue losses due to labour market challenges translated to:
  - $9.7 million in domestic output and $4.6 million in Gross Domestic Product (GDP),
  - $3.5 million in labour income including, $2.6 million paid in wages and salaries, $605 thousand in mixed income and $291 thousand in employers' social contribution,
  - 90 jobs, and
  - $1.5 million paid in taxes, including $739,672 (50%) in federal taxes, $563,175 in provincial taxes and $153,394 in municipal taxes.

- Although the 2019 economic impacts of tourism labour market challenges have been quantified, these results do not estimate the longer-term financial impacts of poor customer service, turning clients away, reduced business hours, delayed business expansion, missed business opportunities and staff/management burn-out. These factors all have considerable negative impacts on the quality of Golden visitor experiences which in turn influence positive word-of-mouth, repeat visitation and future tourism revenue generation.

- To address recruitment and retention challenges, more than half of businesses have used flexible work schedule (78%), paying wages above market rates (66%) or providing on the job training (59%). Fewer businesses have provided free lunch or other business discounts (47%), provided medical/dental benefits (34%) or professional development opportunities (31%). Only a few businesses have tried paying for travel time (9%), subsiding housing (9%), signing bonuses (9%) or transportation subsidies (6%).

- In 2019, the lack of affordable, employee housing was a significant driver of labour market challenges in Golden. Also, several businesses further identified the lack housing is related to the rise of the short-term rental market. Golden tourism-related businesses also suggested that foreign recruitment, reducing seasonal nature of industry, increasing post secondary recruitment and greater transportation options were also all initiatives that would help to reduce Golden tourism labour market challenges.

- This labour market research has identified opportunities to:
  - Develop initiatives that alleviate challenges in the lack of tourism employee housing and local/regional transportation,
  - Learn from other communities that have faced similar tourism employee housing and transportation challenges (e.g. Whistler, Sun Peaks, Banff etc.),
  - After the lack of tourism employee housing is addressed, introduce marketing initiatives that expand messaging about Golden as a place to live not just to visit,
  - Investigate and implement programs that help employers with labour and skill shortages and promote the use of progressive human resource practices by businesses,
  - Work with provincial and regional tourism associations, go2HR and education/training organizations to promote Golden to qualified tourism employees, especially in the food and beverage and accommodations sectors.
  - Support provincial and regional initiatives to increase awareness and change perceptions about tourism careers, and
  - Continue to track and investigate Golden tourism labour market challenges, especially after the COVID-19 situation is improved.

2.0. TABLE OF CONTENTS

Front Cover Photo Credit: Destination BC/Ryan Creary. Rafting down the Blaeberry River near Golden BC.

3.0. INTRODUCTION

Please note that the COVID 19 global pandemic started after data collection and during the data analysis and economic impact modeling stage of this research. Therefore, those impacts have not been described or accounted for in this research. The short-term negative impacts on the tourism industry have already proven to be substantial. While the medium- and longer-term negative impacts are unknown, it is anticipated they will be far-reaching and devastating for the entire global tourism industry.

3.1. Background

Tourism is one of the largest and fastest-growing economic sectors in the world, Canada and British Columbia. 2019 was no exception marking the sixth consecutive year of increased travel to Canada and the third consecutive record-breaking year with 22.1 million travellers to Canada. The rapid industry growth, a declining youth population, and the largest number of people in history about to retire and leave the workforce all lead to projected labour market shortage throughout British Columbia and Canada.

Golden, British Columbia is not insulated from rapid tourism growth and demographic shifts causing tourism labour market challenges. In addition, several other factors have amplified Golden's tourism labour market challenges. They include:
- The small population,
- The remote setting adjacent to six of Canada's most stunning National Parks,
- The seasonal nature of the tourism experiences offered,
- The lack of transportation connections to larger urban centres as well as public transportation within Golden,
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- Globally, the awareness of Golden as a tourism destination is low compared with other nearby communities like Banff and Jasper, Alberta. This in turn, creates lower global awareness of Golden as a place for short-term jobs.

As a result of these factors, in recent years, Golden tourism businesses have increasingly reported challenges in the ability to attract and retain employees.

Tourism Golden (TG) has provided tourism marketing services to the town of Golden and Kicking Horse Country since 2007. The not-for-profit organization's vision is, *To inspire target visitors to explore and experience Golden.* To realize the vision, in 2019, TG will continue to focus on three key strategic objectives:[4]
- Establish perceptions of Golden consistent with our brand positioning,
- Increase target market awareness of Golden as a great destination to visit, and
- Increase nightly visits and length of stay.

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[4] Tourism Golden Marketing Plan 2019 FY.

The 2019 TG marketing plan has a research strategy that states, *We will implement seasonal visitor studies, research destination reputation and support stakeholder efforts on sector-specific research. Subject to funding, we will undertake a study on the economic impact of tourism, and specifically the impact of labour shortages.* The research strategy goals were to summarize:

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Research strategy goal 3 was developed due to the lack of a full tourism economic impact study and the growing tourism labour market challenges in the area. To better understand the economic importance of tourism, it's labour market challenges and the economic cost of those challenges, Tourism Golden obtained funding from the BC Ministry of Social Development and Poverty Reduction and the Columbia Basin Trust to initiate this research,*2019 Tourism Economic Benefits and Labour Market Challenges Research in Golden, British Columbia*. The project has also been supported by the Kicking Horse Country Chamber of Commerce

Align Consulting Group with Pacific Analytics have implemented this research on behalf of Tourism Golden.

3.2. Project Objectives

1. To estimate the economic impact(s) of tourism in Golden.
2. To describe characteristics of tourism labour market challenges in Golden.
3. To estimate the economic impact(s) of tourism labour market challenges in Golden.

3.3. Context - British Columbia's Tourism Labour Situation

go2HR® is a provincial non-profit organization that has served BC's tourism and hospitality industry with human resources programs and services since 1979. Research led and coordinated by go2HR provides context to the labour market situation in Golden. It has been well documented that over the past decade, the demand for workers in the BC tourism industry started to exceed supply significantly.

Relevant Tourism Labour Market Research in BC

A 2014 study conducted by Sentis Research described the following types of impacts resulting from labour shortages in British Columbia: reduced customer service, staff burnout; lost revenue; missed business opportunities; increased business costs; increased overtime; and reduced business hours of operations. To investigate the impacts further, go2HR commissioned a provincial study to investigate the economic impacts of BC tourism labour market shortages

The provincial study confirmed that the BC tourism industry is facing labour constraints that impact business performance. [5] It found that just over 50% of businesses were unable to hire all the people they needed to run their business and / or expand their business in 2014.[6] The inability of these businesses to operate at full

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[5] Grant Thornton and Econometric Research Limited. 2016. BC Tourism Labour Shortage Economic Impact Study Summary Report.
[6] Grant Thornton and Econometric Research Limited. 2016. BC Tourism Labour Shortage Economic Impact Study Summary Report.

capacity due to labour shortages resulted in an estimated $1,030 million in lost tourism spending (or gross revenue) across the province. Further, the research found:

- Compared to medium-sized businesses, small and relatively large businesses demonstrated higher revenue losses attributed to labour shortages,
- The percent of unfilled positions was highest for low skilled workers (57%), followed by higher skilled workers (31%) and managers (13%). Specifically, unfilled positions were most likely to be housekeepers/room attendants (40%), cooks (38%), manager / supervisor (36%), prep cook / kitchen helper (32%) and servers 26%).
- The food and beverage sector experienced the largest percentage revenue losses as a result of labour constraints followed by recreation and entertainment, transportation, accommodation, snow sports and travel services.

The provincial British Columbia Labour Market Outlook (BCLMO) program provides a 10-year forecast of the flow of supply and demand for labour, including the tourism and hospitality sectors in British Columbia. The BCLMO estimates that in 2019, the tourism and hospitality sector employed 310,550 people in BC, about 12% of the provincial workforce.[7] Between 2019 and 2029 the sector is expected to grow by 108,025 job openings, of which 54% are to replace exiting workers. On a provincial scale, current tourism-related employment is in occupations related to food service (food counter attendants, food and beverage servers, cooks, restaurant and food service mangers) or are recreation, sport and fitness leaders. Top demand moving towards 2029 are similar, but also include transportation occupations like bus drivers and other public transportation operators.

Golden falls within the Thompson Okanagan economic development region,[8] where the BCLMO estimates that there were 32,256 people working in the hospitality and tourism sector in 2019. By 2029, the sector is expected to grow by 12,069 job openings. Those job openings are largest for front line and entry level workers, followed by skilled workers and finally managers. Most job openings will be in the food and beverage sector, followed by accommodations and the program leaders in outdoor recreation and sport.[9]

	2019 Employment (Jobs)	2019-2029 Growth	2019-2029 Job Openings
British Columbia	**310,550**	**1.5%**	**108,024**
Vancouver Island / Coast	48,079	1.5%	18,237
Mainland/Southwest	207,096	1.4%	70,411
Thompson Okanagan	32,256	1.7%	12,069
Kootenay	7,630	1.2%	2,415
Cariboo	7,523	1.3%	2,155
North Coast & Nechako	4,363	1.3%	1,328
Northeast	3,606	2.0%	1,410

[7] https://www.workbc.ca/getmedia/9ec7e790-fd53-423d-8378-91b2a62a44d6/Profile-Tourism-and-Hospitality-Sector.pdf.aspx
[8] https://www.workbc.ca/Labour-Market-Information/Regional-Profiles/Thompson-Okanagan
[9] https://www.go2hr.ca/research/regional-labour-market-studies/thompson-okanagan-regional-labour-market-study

Provincial Tourism Labour Market Strategy and Challenges

In 2019, go2HR® coordinated development of the BC Tourism Human Resources Strategy (THRS). The THRS was developed to support and align with the industry's vision for growth and sustainability and focuses on the importance of the "human element" in successfully delivering the visitor experience.

The THRS identifies key challenges within the BC Tourism Labour Market as:

- **Changing Demographics**. About a third of the BC tourism industry's workforce is between the ages of 15 and 24, making our industry the biggest employer of youth, and twice as reliant on young workers as other sectors in the province. However, the 15 to 24-year-old population in BC is declining at a significant rate and does not stabilize and start to grow again until 2028.

- **Tourism Businesses in Remote or Rural Areas**. Many tourism businesses are located far from the more heavily populated urban areas. As a result, some rural areas have a limited number of skilled and qualified workers living in their communities.

- **Seasonality**. The nature of tourism products in BC make it difficult for some employers to offer year-round, full-time employment, and also to entice seasonal workers to return year after year. The pressure is greatest in rural areas and on weather-dependent sectors where the peak season depends on weather (i.e. snow sports).

- **Small Businesses**. Most tourism businesses in BC are small with less than 20 employees, making it difficult to effectively implement and maintain human resource and training initiatives to recruit and retain employees.

- **Awareness and Perception of Jobs and Careers in Tourism**. Most often, people see the tourism industry as a great place to get experience or a seasonal job, but they are not aware or supportive of the long-term potential for a rewarding career.

- **Labour and Skills Shortages**. Labour market research suggests that the demand for skilled workers in BC will exceed the supply in the next decade.

- **Labour Policy**. Future labour supply will be new workers entering the workforce for the first time, international and interprovincial migration and other unknown sources. Government legislation and policy sometimes creates barriers, instead of assistance for employers in accessing the workers they need.

- **Competition for Workers**. There is fierce competition for skilled and qualified workers from a shrinking talent pool. This is compounded by the lure of competitive wages and lower living costs from other prosperous regions and provinces.

- **Industry Culture**. Tourism has not traditionally considered human resources and training to be a key business imperative which will impede future business competitiveness and earning potential.

- **Management Development**. Most leaders in today's tourism and hospitality industry worked their way up the ranks without any formal management skill training. There is also a lack of awareness of and access to relevant training for all managers and supervisors, especially for those new to the role.

- **Aligning Education and Industry**. There are some areas that require better alignment of content and / or delivery models with the needs of industry. Specifically, small and rural operators are looking for

2019 Tourism Economic Benefits and the Economic Impacts of Labour Market Challenges in Golden, BC

accessible programming (e.g., location, cost, time), there is a need for businesses to participate in industry advisory committees and work experience / co-op programs. Also, there is a need to ensure the K-12 education system has content, and teaching resources about jobs and careers in tourism are included in the curriculum development.

- **Infrastructure. Housing and Transportation**. Lack of available and / or affordable housing frequently been identified as a serious challenge for tourism businesses throughout the province as they attempt to attract employees to their community. The lack of public and private transportation options provides serious roadblocks for employers to ensure their employees can get to and from work, especially for shifts that start early in the morning or finish late at night. This is especially true for small, rural communities.

- **Duplication of Efforts**. Industry Groups, DMOs, Government, Educators, Economic Development have all felt pressure to take action on the labour shortages and HR challenges. There is a need to align, coordinate and communicate the efforts of private and public stakeholders to achieve the optimal return on the resources invested in HR and workforce development for tourism.

To address these challenges, the THRS identifies 11 strategies and 42 actions around five pillars of organization and coordination, policy, research and evaluation, attraction and recruitment, retention and training and development.

Pillar	2019 THRS Strategies
Organization and Coordination	1) Improve and expand leadership and collaboration among industry, government and other stakeholders on the execution of the THRS. 2) Align the THRS with provincial, regional and local tourism strategies and plans.
Policy, Research and Evaluation	3) Provide input to all levels of government to help formulate/revise employment or labour market-related legislation, regulation and policy. 4) Manage, monitor and communicate the results of the THRS Evaluation Framework on an ongoing basis. 5) Support the gathering and maintenance of tourism labour market information.
Attraction and Recruitment	6) Help employers with labour and skill shortages. 7) Increase awareness and change perceptions about tourism jobs and careers.
Retention	8) Identify and help address the unique labour market challenges faced by small businesses, seasonal and / or rural tourism operators. 9) Promote the use of progressive human resource practices by tourism employers.
Training and Development	10) Encourage employer involvement and investment in training. 11) Align training and education programs with industry needs.

Source: go2hr. 2019. BC Tourism Human Resource Strategy 2019. https://www.go2hr.ca/wp-content/uploads/2019/07/go2HR-BCHR-Strategy-2019.pdf

4.0. RESEARCH APPROACH

4.1. Methodology

A four-step research process was implemented in order to estimate Golden tourism economic impacts, describe labour market challenges, and estimate the cost of those labour market challenges.

The study area was the Golden Municipal and Regional Tax region which includes the town of Golden and the Columbia Shuswap Regional District Electoral Area A (which includes Kicking Horse Mountain Resort) not including Yoho National Park.

The first step was to develop an inventory of tourism-related businesses. Tourism-related businesses were defined as any business that provides services to visitors and operates in the Golden and Kicking Horse Country, British Columbia. Business lists from Tourism Golden and the Kicking Horse Chamber of Commerce were combined, and duplicates and businesses no longer operating were removed. The inventory collected business name, tourism sector (e.g. accommodations, food and beverage etc.) and contact information including email addresses.

The second step included development and distribution of an online survey of tourism-related businesses which collected information about:

- Business characteristics (revenues, expenditures, employees, seasonality),
- Client characteristics (volume, origin, length of stay),
- Employee characteristic s (number of full -time, part-time, seasonal, and year-round people employed), and
- Characteristics of labour market challenges (current and future challenges with the labour market in Golden).

The online survey was distributed via email as well as a convenient online 'open' link available on the Tourism Golden website. The survey was first distributed in mid-November 2019 and responses were encouraged until the end of January 2020. Multiple email and telephone call reminders along with an incentive were used to encourage survey responses. See Appendix D for the full business survey.

Step 1: Inventory of Golden Tourism-Related Businesses

- Developed list of tourism-related businesses in Golden
- Collected contact information, including email addresses
- Described each business by sector (e.g. accommodation, food and beverage)

Step 2: Data Collection

- Developed and tested online survey
- Distributed survey via email
- Developed online open link for Tourism Golden website
- Collected business data between November 2019 and January 2020
- To encourage responses, there was an incentive and multiple email and phone call reminders (5) businesses.

Step 3: Survey Data Analysis and Revenue and Expenditure Estimate Development

- Used survey data to estimate direct total tourism revenues, employment and expenditures for all tourism-related businesses by sector
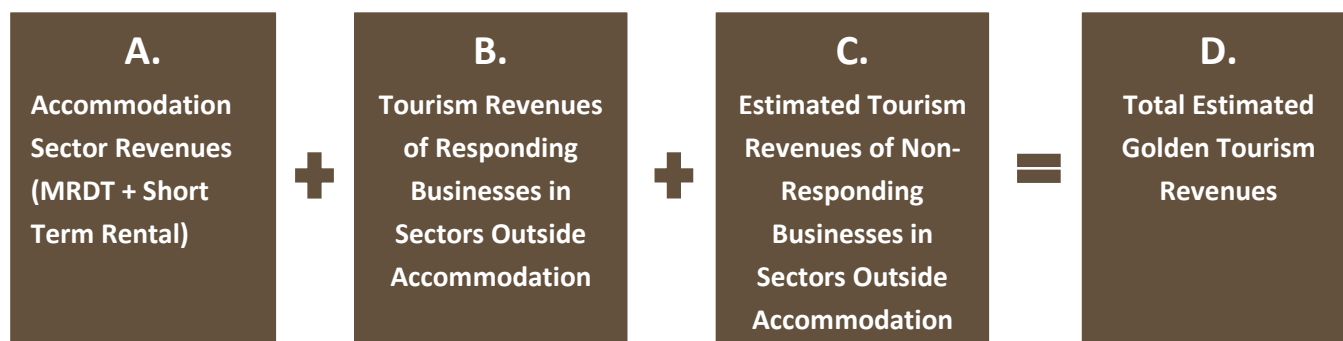- Gathered secondary data to benchmark survey data

Step 4. Economic Impact Modeling

- Used tourism sector estimates as inputs to the Tourism Regional Input-Output Model
- Output include total revenues, output, GDP, labour income, employment, and taxes

Step three consisted of data analysis and tourism estimate development. Golden tourism-related businesses were described using simple frequencies and averages of survey data.

- Occasionally, top box analysis was used where the top two responses were summarized to understand meaningful differences between groups (e.g. businesses that responded with '4s' or '5s' on a 5-point problem scale).
- For some questions, open-ended (textual) responses were grouped into categories and summarized with percentages. In addition, a sample of representative comments is presented to ensure comprehensive understanding of key concepts.
- Due to small sample sizes in some sectors and to protect confidentiality of responses, tourism sectors have been combined into analysis groups to describe survey responses. Analysis groups include, accommodation (40%), outdoor recreation and attractions (24%), food and beverage (16%) and all other businesses (20% - transportation, retail/shopping and other services).
- Analysis group level data were only presented if there were over 10 responses. In addition, sample sizes under 15 were identified with a '*' in graphs and tables and should be interpreted with caution.

Total Golden tourism revenues were estimated to be used as inputs into economic impact modeling (step 4). Accommodation tourism revenues were estimated using administrative data from the Municipal and Regional District Tax (MRDT) as well as short term rental tracking data (A below).[10] For other sectors, online survey responses were used to develop average revenues due to tourism activity (B below). The tourism sector revenue averages were applied to non-responding businesses (C below) in order to develop total revenues for all relevant businesses. All sectors and responding/non-responding values were added together to estimate total revenues and expenses for tourism-related businesses in Golden (D below).

A.		B.		C.		D.
Accommodation Sector Revenues (MRDT + Short Term Rental)	**+**	**Tourism Revenues of Responding Businesses in Sectors Outside Accommodation**	**+**	**Estimated Tourism Revenues of Non-Responding Businesses in Sectors Outside Accommodation**	**=**	**Total Estimated Golden Tourism Revenues**

To estimate the cost of the Golden labour market challenges, online survey data were used to estimate tourism revenue percentage increases without labour market challenges (E below). Average estimated tourism sector revenue increases without labour market challenges were multiplied by the total estimated Golden tourism revenue by sector.[11] Then, those increased revenue estimates were summed across all sectors (F below). These total revenue increase estimates were used to understand what tourism revenues would have been without labour market challenges.

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[10] Available from AirDNA estimates there are 116 active private home rentals. Data provided by Destination BC in public presentation at the March 2020 British Columbia Tourism Industry Conference. Otherwise data is available here: https://www.airdna.co/vacation-rental-data/app/ca/british-columbia/golden/overview

[11] Only for the estimated number of businesses that had labour market challenges.

D. Total Estimated Golden Tourism Revenues (by Sector)	✕	E. Percentage Increase in Revenues without Labour Market Challenges (by Sector)	=	F. Estimated Total Tourism Revenues Without Labour Market Challenges (Totalled Across Sectors)

The actual tourism revenues (D) were subtracted from total revenue increases without labour market challenges (F) to understand the cost of the labour market challenges (G).

F. Estimated Total Tourism Revenues Without Labour Market Challenges	−	D. Total Estimated Golden Tourism Revenues	=	G. Estimated Cost of Tourism Labour Market Challenges (in tourism revenues)

A similar approach was used to estimate the total number of unfilled positions in Golden.

The Tourism Regional Input-Output Model (TRIOM) was used to conduct economic impact modeling in step four. The TRIOM is an economic impact model developed by Pacific Analytics that uses Statistics Canada's detailed Input-Output tables for BC.[12] Estimates of total tourism revenues and total tourism revenues without labour market challenges were used as inputs to the TRIOM modeling. Outputs to the TRIOM include estimates of direct, indirect and induced economic impacts on the Golden MRDT region and in other areas of British Columbia.

A comprehensive explanation of direct, indirect and induced impacts and how precisely they were calculated can be found in Appendix A.

4.2. Survey Responses

During the business inventory process, a total of 285 tourism-related businesses were identified. The accommodation sector was the largest with 90 businesses, followed by the food and beverage sector with 51 businesses, the outdoor recreation sector with 38 businesses and the retail/shopping sector with 32 businesses.

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[12] The full Regional I/O model was developed for the Ministry of Transportation for their own internal project analysis; the tourism version was commissioned by Destination BC to focus on tourism-related projects and analysis.

2019 Tourism Economic Benefits and the Economic Impacts of Labour Market Challenges in Golden, BC

Overall, there was a 37% response rate with the highest response rate for outdoor recreation (55%) and paid accommodations (47%), while the lowest response rate was for transportation (22%) and other services (15%). Except for the small number of transportation and other services businesses, generally the survey responses were representative of the tourism industry in Golden.

Tourism Sector	Tourism-Related Businesses		
	Total Number (% of Total)	Survey Responses (% of Total)[6]	Response Rate
Paid Accommodation[1]	90 (32%)	42 (40%)	47%
Food & Beverage	51 (18%)	17 (16%)	33%
Outdoor Recreation	38 (13%)	21 (20%)	55%
Retail (Shopping)[2]	32 (11%)	10 (9%)	31%
Transportation[3]	23 (8%)	5 (5%)	22%
Attractions[4]	11 (4%)	4 (4%)	26%
Other Services[5]	40 (14%)	6 (6%)	15%
TOTAL	**285**	**105**	**37%**

1. Accommodation includes fixed roof and camping businesses. Not all second home rental business owners are included here. Although their revenues have been included in economic impact results.
2. Retail includes grocery, liquor and pharmacies and other retail stores (e.g. sports, clothing, gifts).
3. Transportation includes gas stations, auto services and shuttle/taxi.
4. Attractions include museums, art gallery and indoor leisure activities.
5. Other services include health-related services (e.g. beauty salons, massage), photography, wedding planners etc.
6. Includes full and partial survey responses.

Analysis groups include, accommodation (40%), outdoor recreation and attractions (24%), food and beverage (16%) and all other businesses (20% - transportation, retail/shopping and other services).

Analysis Groups of Business Responses
(% of Businesses)

Other Businesses (Retail, Gas Stations, Photography), 20%

Food and Beverage, 16%

Accommodation, 40%

Outdoor Recreation & Attractions, 24%

n = 105
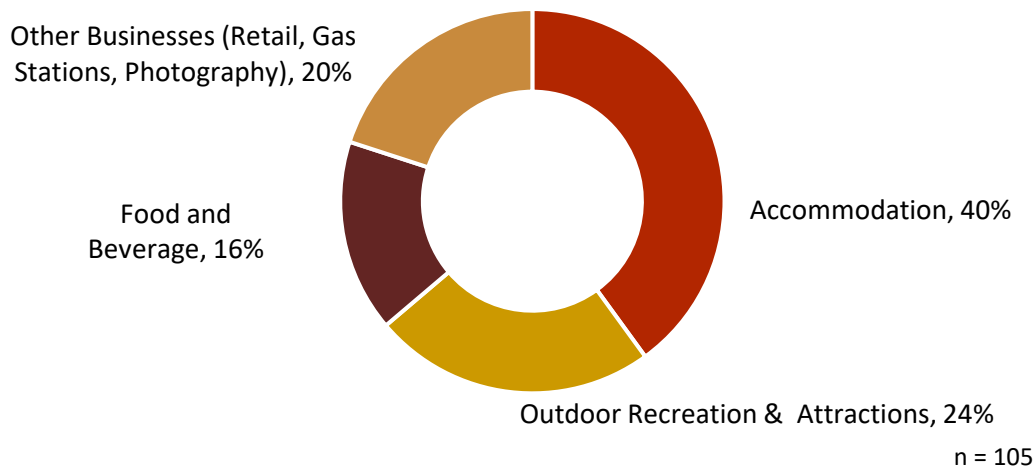
5.0. RESULTS

Results were separated into six sections:

1. The Characteristics of Golden Tourism-Related Businesses,

2. The Economic Impacts of Tourism in Golden,

3. The Current Tourism Labour Market Situation and Challenges,

4. Economic Impacts of Current Tourism Labour Market Challenges,

5. Future Tourism Labour Market Challenges, and

6. Suggestions For Improvement.

5.1. Characteristics of Golden Tourism-Related Businesses

To give context to the tourism economic impacts results, this section describes survey responses about Golden-tourism-related businesses characteristics including their seasonality, revenue and expenditures, employees, and clients.[13] See Appendix C for a detailed data table of survey results.

Seasonality, Revenue and Expenditures

Just over two-thirds (69%) of businesses operated on a year-round basis. As expected, more food and beverage (88%) and accommodation (64%) businesses operated on a year-round basis than outdoor recreation and attraction businesses (36%). In Golden, May, October and November had fewer seasonal businesses operating than other months.

Analysis Group	Golden Businesses (%)	
	Year-Round	**Seasonal**
Accommodations	64%	36%
Outdoor Recreation and Attractions	36%	64%
Food and Beverage	88%	12%
Other Businesses	100%	0%
ALL BUSINESSES	**69%**	**31%**

Is this business operated on a year-round or seasonal basis? Accommodation n = 39, Outdoor Recreation and Attractions n = 28, Food and Beverage n = 17 and Other Businesses n = 21.

Months of Operations (% of Seasonal Businesses)
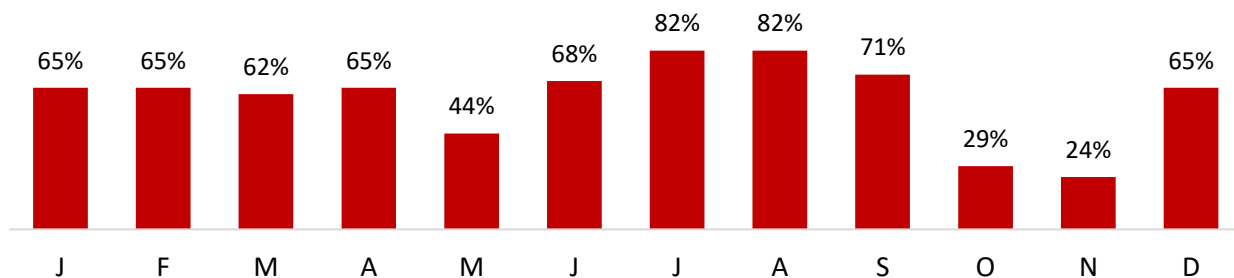
Please indicate ALL months in which you operate, including those you may only operate seasonally? n = 34

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[13]https://www.krtourism.ca/wp-content/uploads/2019/11/Kootenay-Rockies-Staffing-Survey-2019-Results-Report.pdf

Most tourism-related businesses earned less than $500,000 (64%) in gross business revenues in 2019 while a quarter earn between $500,000 and $1.5 million dollars. The remaining 6% earned more than $1.5 million in 2019.
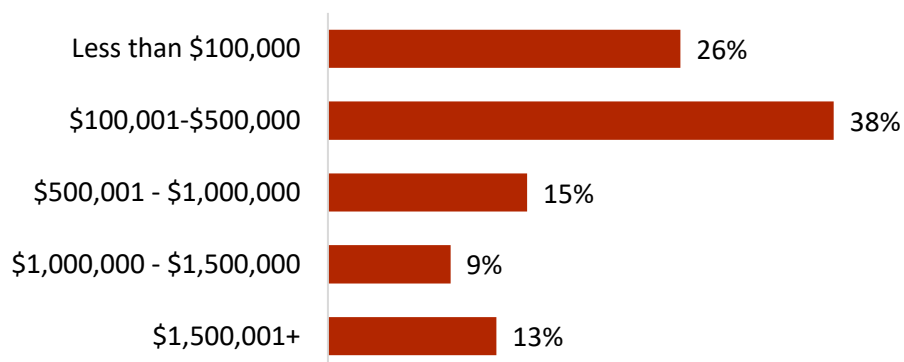
2019 Gross Business Revenues (% of Businesses)

Category	Percentage
Less than $100,000	26%
$100,001-$500,000	38%
$500,001 - $1,000,000	15%
$1,000,000 - $1,500,000	9%
$1,500,001+	13%

Please indicate which gross revenue category is applicable for your business in 2019? n = 88.
Note: More detailed revenue categories have been collapsed here for brevity.

Businesses were asked to estimate the proportion of revenues from tourism. Of all tourism-related businesses, an average of 75% of gross business revenues was generated from tourism. As expected, 93% of accommodation business revenues were from tourism, followed by outdoor recreation and attractions (78%), food and beverage businesses (57%) and other businesses (40%). The low percentage of tourism revenues from other businesses is expected because most of them offer year-round services to support Golden residents and tourists.

The percentage of 2019 revenues generated from tourism was applied to annual gross revenues and expenditures to estimate revenues and expenditures generated from tourism. On average, over $496,00 in tourism revenue was earned per tourism-related business. Average tourism revenues were highest for food and beverage businesses ($687,000), followed by outdoor recreation and attractions ($680,000), accommodations ($483,700) and other businesses ($123,000).

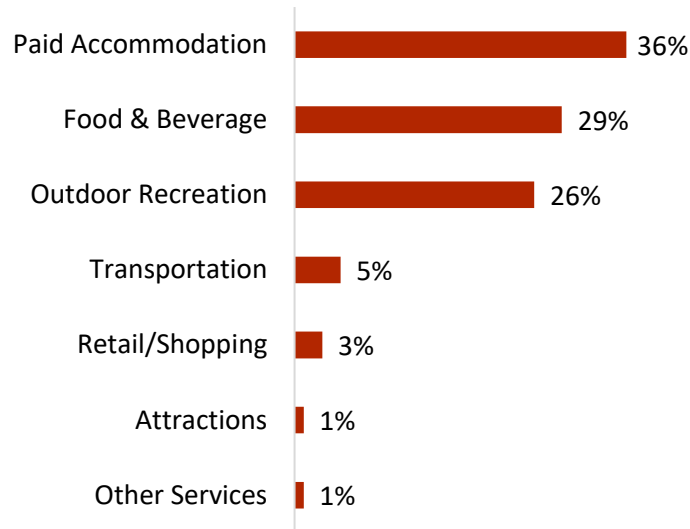|	Golden Businesses		
Analysis Group	**% 2019 Revenues from Tourism**	**Average 2019 Tourism Revenue**	**Average 2019 Tourism Expenditures**
Accommodations	93%	$483,690	$449,832
Outdoor Recreation and Attractions	78%	$680,220	$530,572
Food and Beverage	57%	$687,103	$391,649
Other Businesses	40%	$129,813	$51,925
ALL BUSINESSES	**75%**	**$496,130**	**$372,097**

Please indicate which gross revenue category is applicable for your business in 2019?
What percentage of 2019 total business revenue was generated by your tourist clients?
Accommodation n = 42, Outdoor Recreation and Attractions n = 25, Food and Beverage n = 17 and Other Businesses n = 20.

When average tourism revenues of responding businesses were expanded to estimate total tourism revenues in Golden, it was estimated that there was $124.5 million in tourism revenues earned by Golden tourism-related businesses in 2019. Over a third (36%) were generated by paid accommodation. Of that, most were generated from hotels/motels (88%), while 8% was generated from short-term rentals and 4% was generated from campgrounds. Almost a third (29%) was generated by food and beverage businesses while a quarter (26%) was generated by outdoor recreation businesses. The portion of tourism revenues generated is smaller for the transportation (5%), retail/shopping (3%), attractions (1%) or other services (1%) sectors.

2019 Golden Tourism Revenues
(\$124.5 million - % of Tourism Sector)

Sector	%
Paid Accommodation	36%
Food & Beverage	29%
Outdoor Recreation	26%
Transportation	5%
Retail/Shopping	3%
Attractions	1%
Other Services	1%

Average expenditures by tourism-related businesses were $372,097. Average tourism expenditures were highest for outdoor recreation and attraction businesses ($530,572) followed by accommodations ($449,832) and food and beverage ($391,649) businesses.

Tourism Employees

In 2019, almost half of tourism-related businesses in Golden had less than five people working at them, only 18% had between six and 10 employees and 34% had more than 10 employees. On average, tourism-related businesses in Golden employ 17.6 people. Food and beverage businesses employ the most employees (average = 27.3 people) followed by outdoor recreation and attractions (average = 22.7 people), accommodations (average = 12.0 people) and other businesses (average = 6.2 people).

Clients

In 2019, on average, tourism-related businesses had 27,562 clients of which, 20,947 were tourists (76% of clients were tourists).[14] The average number of tourist clients ranged from 5,279 for accommodations to 62,328 for food and beverage businesses. Average tourist client expenditures were $350 and ranged from $100 at food and beverage businesses to $479 at outdoor recreation and attraction businesses.

Analysis Group	Average Number of Clients	% Tourism Clients	Golden Businesses Average Number of Tourist Clients	Average Tourist Client Expenditures
Accommodations	5,729	92%	5,271	$392
Outdoor Recreation and Attractions	18,146	76%	13,791	$479
Food and Beverage	98,933	63%	62,328	$100
Other Businesses	NA	30%	1,213	NA
ALL BUSINESSES	**27,562**	**76%**	**20,947**	**$350**

Approximately how many clients did your business have in 2019?
If you operated at full capacity, what is the maximum number of clients you could have served in 2019?
On average, how much do your tourist clients spend at your business?
Accommodation n = 25, Outdoor Recreation and Attractions n = 18, Food and Beverage n = 12 and Other Businesses = NA as n < 10.

Tourism-related businesses estimate that 30% of their tourist clients were repeat clients in 2019. About half of tourist clients were overnight visitors while 13% were day visitors. Almost a third of businesses did not know if they had overnight or day visitors.

Repeat and First-Time Tourist Clients (% of Businesses)

Repeat, 30%
First Time, 70%
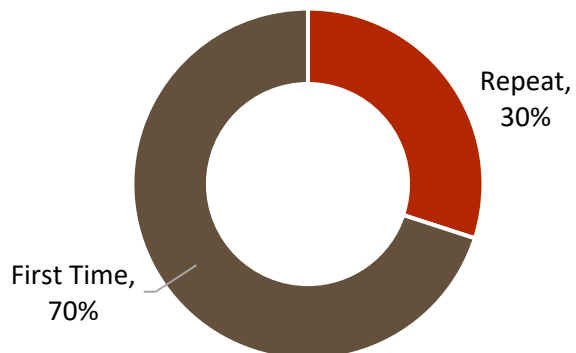
Approximately what percentage of your tourist clientes were repeat visitors? n = 77.

Overnight and Day Visitors Tourist Clients (% of Businesses)

Overnight Visitors 49%
Day Visitors 13%
Don't Know 30%
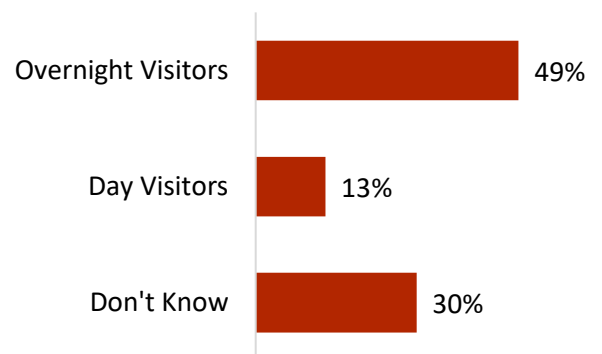
Of your tourist clients in 2019, approximately what percentage were day and overnight visitors? n = 76

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[14] This proportion matched the proportion of revenue due to tourism.

5.2. Economic Impacts of Tourism in Golden

In total, there was $124.5 million in tourism revenues earned by Golden tourism-related businesses in 2019. When direct, indirect and induced spending were accounted for, the economic impacts of the tourism industry in the Golden area totaled:

- $174 million in domestic output, and $87.8 million in Gross Domestic Product (GDP),
- $61.7 million in labour income including, $44.6 million paid in wages and salaries, $11.8 million in mixed income and $5.3 million in employers' social contribution,
- 1,866 jobs, and
- $34.5 million paid in taxes, including $17.2 million in federal taxes (50%), $13.5 million (in provincial taxes (39%) and $3.8 million in municipal taxes (11%).

As expected, the majority (60%+) of domestic output, GDP, material inputs, labour income, and employment occur in the Golden MRDT region. An even higher proportion (79%) of total taxes paid occurred in Golden than other measures. A more detailed table of economic impacts is available in Appendix B.

| | 2019 Golden Tourism Economic Impacts | | |
Direct, Indirect and Induced Impacts	Golden MRDT Region	Other BC	TOTAL (Golden + Other BC)
Direct Spending/Business Revenue	$124,519,114		
Domestic Output[1]	$117,267,812	$56,682,502	$173,950,314
GDP at Basic Prices	$55,039,470	$32,727,139	$87,766,609
Material Inputs	$62,228,342	$23,955,363	$86,183,705
Labour Income	$38,663,922	$23,037,502	$61,701,424
Wages and Salaries	$31,141,828	$13,479,126	$44,620,954
Mixed Income	$3,969,451	$7,789,251	$11,758,702
Employers' Social Contributions	$3,552,643	$1,769,126	$5,321,769
Employment (jobs)	1,339	526	1,866
Total Taxes	$27,130,512	$7,384,320	$34,514,831
Total Federal Taxes	$13,668,914	$3,540,361	$17,209,275
Total Provincial Taxes	$10,702,069	$2,771,555	$13,473,624
Total Municipal Taxes	$2,759,529	$1,072,403	$3,831,933

1. Domestic Output is equal to tourism spending minus consumer taxes.

5.3. Current Tourism Labour Market Situation and Challenges

Current Labour Market Situation

Tourism-related businesses were asked about the severity of problems in recruiting employees, recruiting qualified employees, and retaining employees in Golden. Businesses perceive that recruiting *qualified* employees and recruiting employees were the most serious problems with the Golden's tourism labour market. A higher proportion of businesses responded that recruiting qualified employees was a serious problem (41%) compared to overall recruitment of employees (27%). Retaining employees was also a problem but fewer businesses thought it was a moderate or serious problem (50%).
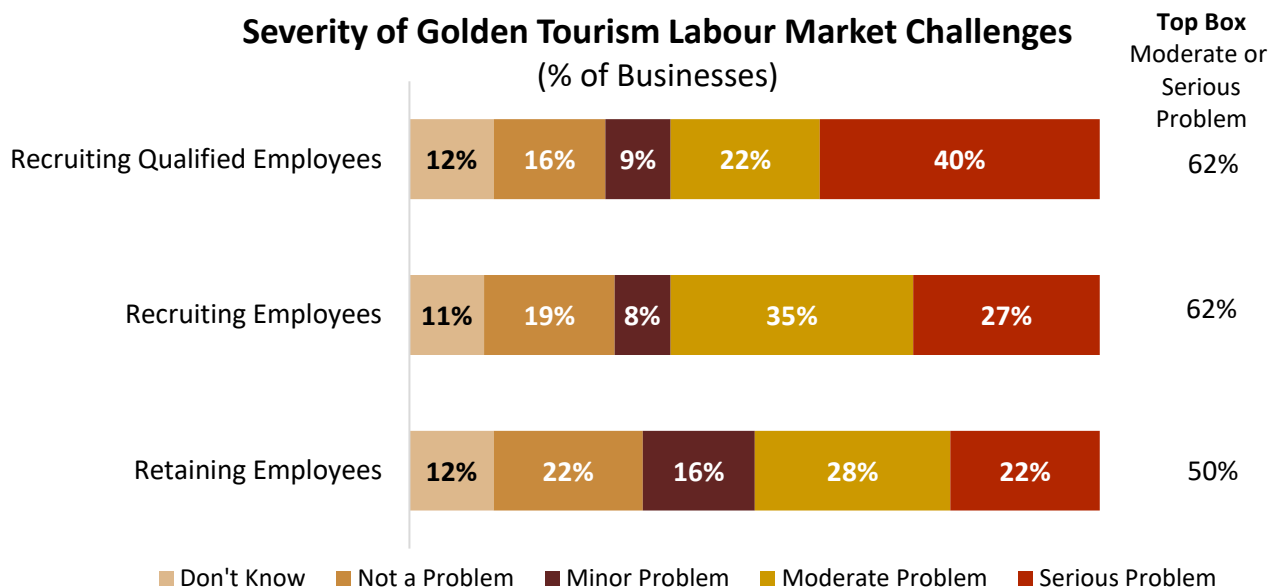
Severity of Golden Tourism Labour Market Challenges
(% of Businesses)

	Don't Know	Not a Problem	Minor Problem	Moderate Problem	Serious Problem	Top Box Moderate or Serious Problem
Recruiting Qualified Employees	12%	16%	9%	22%	40%	62%
Recruiting Employees	11%	19%	8%	35%	27%	62%
Retaining Employees	12%	22%	16%	28%	22%	50%

Legend: ■ Don't Know ■ Not a Problem ■ Minor Problem ■ Moderate Problem ■ Serious Problem

Currently, how much of a problem does Golden have with the following labour market activities? n = 74

By analysis group, more food and beverage businesses rated moderate and serious problems in recruiting qualified employees, recruiting employees, and retaining employees than other sectors. Two-thirds (63%) of outdoor recreation and attraction businesses rated recruiting employees as a moderate or serious problem followed by accommodations(56%) and other businesses (50%).

	Moderate or Serious Problem (%)		
Analysis Group	**Recruiting Qualified Employees**	**Recruiting Employees**	**Retaining Employees**
Accommodations	56%	56%	56%
Outdoor Recreation and Attractions	58%	63%	37%
Food and Beverage*	86%	86%	57%
Other Businesses*	58%	50%	50%
ALL BUSINESSES	**62%**	**62%**	**50%**

Currently, how much of a problem does Golden have with the following labour market activities? Accommodation n = 27, Outdoor Recreation and Attractions n = 19, Food and Beverage n = 14 and Other Businesses n = 12.

Tourism-related businesses were asked about their recruitment markets. Over the past five years, two-thirds of all businesses recruited employees from the Kootenay Rockies region (65%), 39% recruited from the rest of BC followed by a quarter of businesses recruiting from international places (26%), the rest of Canada (25%) or Alberta (25%).

Recruitment Markets (% of Businesses)

Market	Percentage
Kootenay Rockies	65%
Rest of BC	39%
International	26%
Rest of Canada	25%
Alberta	25%

In the past five years where have you recruited employees from? n = 72
Businesses could recruit in more than one market therefore the total sums to more than 100%.

By analysis group, outdoor recreation and attraction businesses were more likely than other groups to recruit from the rest of BC (58%), Canada (36%) or Alberta (47%), but less likely to recruit from international places (16%). Almost all of food and beverage businesses recruited from the Kootenay Rockies region (93%) and they were more likely to recruit from international places (43%) than other groups.

	Recruitment Markets (%)				
Analysis Group	**Kootenay Rockies**	**Rest of BC**	**International**	**Rest of Canada**	**Alberta**
Accommodations	52%	33%	33%	22%	19%
Outdoor Recreation and Attractions	79%	58%	16%	36%	47%
Food and Beverage*	93%	36%	43%	14%	14%
Other Businesses*	42%	25%	8%	25%	14%
ALL BUSINESSES	**65%**	**39%**	**26%**	**25%**	**25%**

In the past five years where have you recruited employees from? Outdoor Recreation and Attractions n = 19, Accommodation n = 27, Food and Beverage n = 14, Other Businesses n = 12.
Businesses could recruit in more than one market therefore the total sums to more than 100%.

Golden tourism-related businesses were asked which international recruitment programs were used. Half (53%) had used a working holiday visa, a third had used the provincial nominee program (32%), a quarter had used the federal skills worker program (26%), a work permit for an international student (26%) and fewer (16%) used an other program. No businesses had used the Canadian Experience Class or Federal Skilled Trades Programs. Twenty-one percent of businesses had not used any international recruitment programs.

| International Recruitment Program	% of Golden Businesses That Used Program
Working Holiday Visa	53%
Provincial Nominee Program	32%
Federal Skilled Worker Program	26%
Work Permit for International Student	26%
Other Program	16%
NONE	**21%**

Which international recruitment programs has your business used? n = 19.
Businesses could participate in more than one program therefore the total sums to more than 100%
Other includes, young professionals visa, VIT Quebec Students and International Mobility Program.

Tourism Labour Market Challenges

Extent of Challenges

Almost half of tourism-related businesses (46%) experienced labour market challenges in 2019. More businesses in the food and beverage sector (79%) experienced labour market challenges than outdoor recreation and attractions (47%) and accommodations (41%) and other businesses (17%).

Experienced Labour Market Challenges in 2019? (% of Businesses)

Yes, 46%
No, 54%
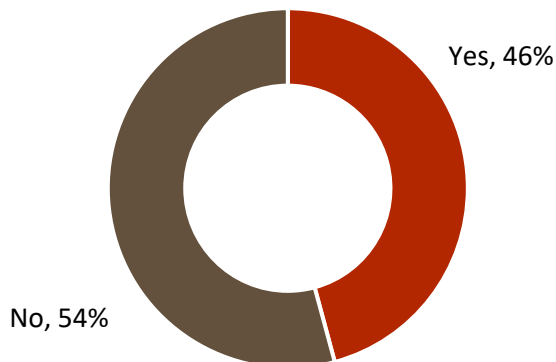
Did your business have any labour market challenges in 2019?
n = 72

Experienced Labour Market Challenges in 2019? (% of Businesses by Analysis Group)

Food and Beverage 79%
Outdoor Recreation & Attractions 47%
Acccommodation 41%
Other Businesses* 17%
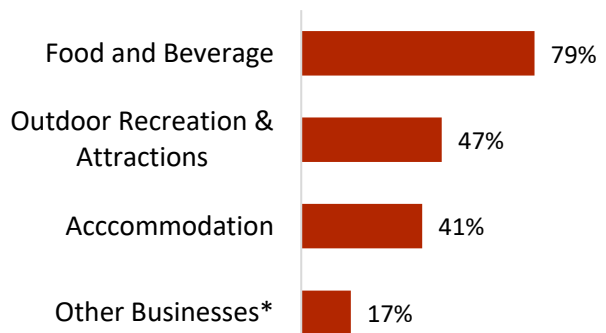
Did your business have any labour market challenges in 2019?
Other Businesses n = 12, Food and Beverage n = 14, Outdoor Recreation and Attractions n = 19, Accommodation n = 27

Two-thirds (67%) of tourism-related businesses with labour market challenges were unable to hire all the people they needed in 2019. Almost all food and beverage businesses (91%) responded they were unable to hire all the people they needed in 2019. More than half of accommodations (64%) and 44% of outdoor recreation and attraction businesses were unable to hire all people needed in 2019.

Able to Hire All People Needed in 2019? (% of Businesses)

Yes, 33%

No, 67%
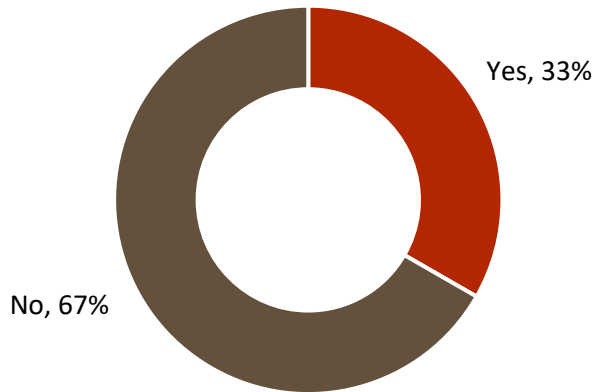
Was your business able to hire all the people you wanted in 2019? n = 72.

Able to Hire All People Needed in 2019?
(% of Businesses by Analysis Group)

Food and Beverage*	91%
Acccommodation*	64%
Outdoor Recreation & Attractions*	44%
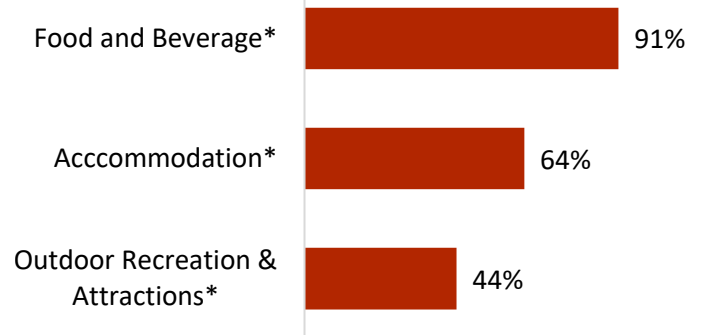
Was your business able to hire all the people you wanted in 2019? Food and Beverage n = 11, Outdoor Recreation and Attractions n = 10, Accommodation n = 11.

Of those tourism-related businesses that were unable to hire all the people they needed, 83% needed between one and five people, 4% needed between six and ten people while 13% of businesses were missing more than ten employees. The average number of unfilled positions per business was 5.2 people and the responses ranged from between 1 person to 25 people.

Business Size (Number of Employees)	Golden Businesses (%) With Unfilled Positions
1-5	83%
6-10	4%
10+	13%
TOTAL	**100%**

In total, how many unfilled positions did your business have in 2019? n = 23.

More than a third of unfilled positions were seasonal, full time jobs (34%), fewer were full year, part-time positions (19%), full year, full-time jobs (18%) or seasonal part-time positions (17%).

Position Type	Golden Businesses (%) Unfilled Positions
Full Year, Full Time	18%
Full Year, Part Time	19%
Seasonal, Full Time	34%
Seasonal, Part Time	17%

How many of the unfilled positions were there in each of the following categories in 2019? n = 23.

Most unfilled positions were for lower skilled workers (69%), followed by needs for higher skilled workers (17%) and managers (14%).

Position Type	Golden Businesses (%) Unfilled Positions
Managers (e.g. Food and Beverage Manager, Front Office Manager, Human Resources Manager, etc.)	14%
Higher Skilled Workers (e.g. Ski Instructor, Chef, Pilot, Accountant, etc.)	17%
Lower Skilled Workers (e.g. House Keeping Room Attendant, Bell Person, etc.)	69%

How many unfilled positions were in each of the following categories in 2019? n = 23.

All together when expended for all tourism-related businesses, there was an estimated 325 unfilled positions in Golden in 2019.

Seasonality

For those businesses that experienced a labour market problem, the challenges were most severe in summer, when 84% suffered a moderate or serious problem. Businesses also had challenges in other seasons where just over 4-in-10 had a moderate or serious problem in winter, spring and fall.

By analysis group, 82% of accommodation businesses saw a moderate or serious problem in the summer, followed by winter (70%), spring (60%) and fall (55%). All food and beverage businesses saw a moderate or serious problem in the summer, just over third rated labour market challenges a moderate or serious problem in the spring or fall (34%). Only 18% of food and beverage businesses saw moderate or severe challenges in the winter.

Seasonality of Golden Labour Market Challenges
(% of Businesses)

				Top Box Moderate or Serious Problem
Winter	32%	25%	25%	18%	43%
Spring	33%	23%	30%	13%	43%
Summer	6%	10%	10%	74%	84%
Fall	40%	20%	20%	20%	40%

■ Not a Problem ■ Minor Problem ■ Moderate Problem ■ Serious Problem

What seasons were labour market challenges a program for your business? n = 28
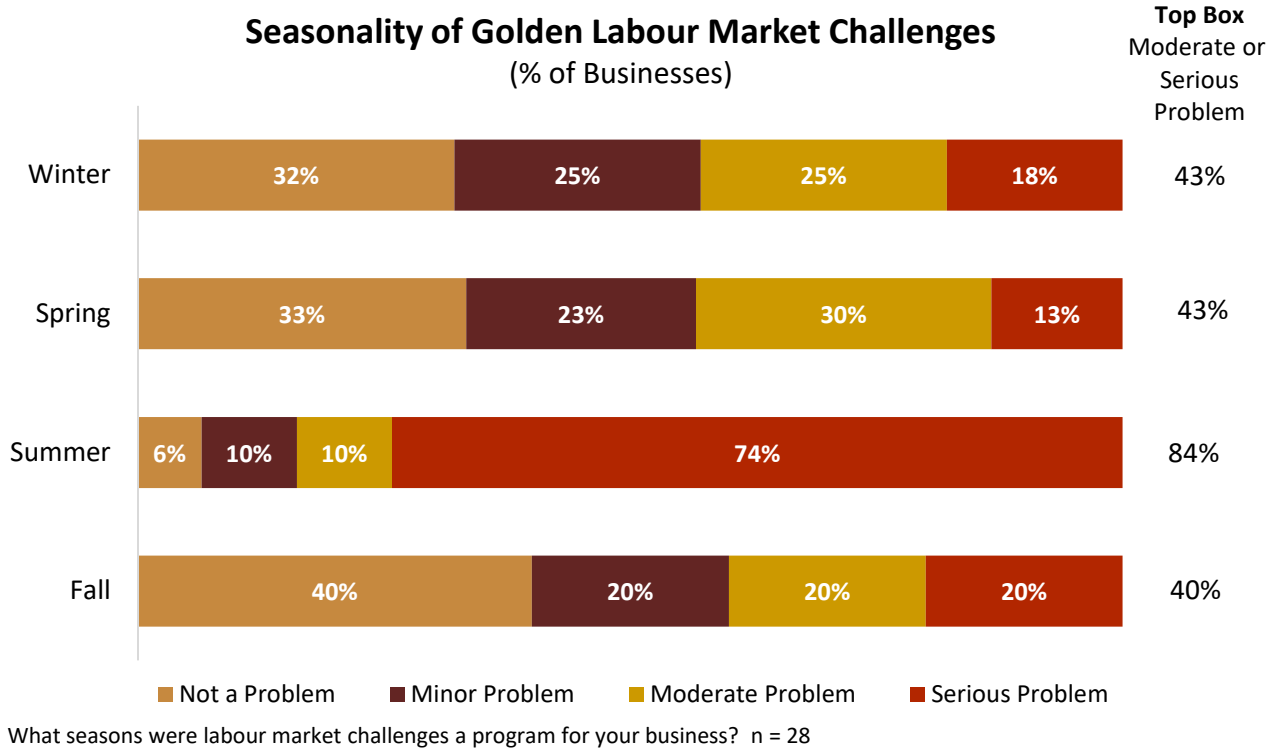
Time Frame

Tourism labour market challenges are not new to Golden. The majority (74%) of tourism-related businesses experiencing labour market challenges saw them before 2019. Of those, 5% had labour market challenges that started in 2005, others experienced challenges that started between 2010 and 2014 (26%), whereas the majority had challenges start in 2015 (68%).

Businesses That Experienced
Labour Market Challenges Before 2019
(% of Businesses)

No, 26%

Yes, 74%
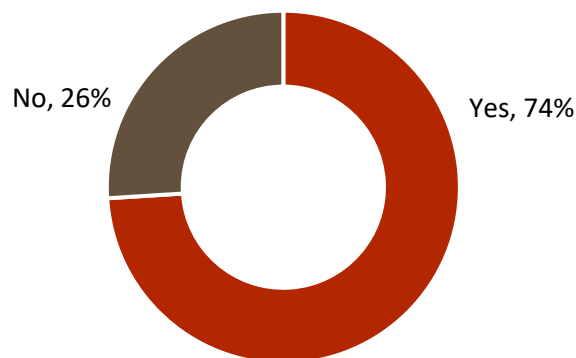
Did your business encounter a significant labour shortage problem before 2019? n = 33

26

Impacts of Labour Market Challenges

Businesses were asked about the kinds of impacts that they experienced as a result of labour market challenges. Results demonstrate that the impacts of labour market challenges are extensive and far reaching.

Most tourism-related businesses experienced missed business opportunities (67%), experienced employee and management burnout (67%), had to pay for increased overtime (64%) or hired under-qualified staff (55%). Fewer provided reduced customer service levels (48%), reduced business hours (48%), had increased business costs (36%) or had to turn clients away (30%).

Businesses experienced more than one kind of labour market challenge. In fact, only 6% of businesses experienced one kind of impact, while 29% of businesses experienced between one and three kinds of impacts, a quarter (24%) experienced 4 or 5 impacts and 39% experienced more than six impacts.

More food and beverage businesses experienced labour market challenge impacts than accommodation businesses. In fact, almost all food and beverage businesses experienced increased overtime (91%), employee and management burn out (82%), reduced business hours (82%) and missed business opportunities (73%).

Reduced Hours of Operation

Almost half (48%) of businesses with labour market challenges reduced their hours of operation due to these challenges. This resulted in an average estimated loss of 7,649 tourist clients per business, or on average about 10% of all tourist clients per business.

Turning Clients Away

Thirty percent of businesses with labour market challenges turned potential tourist clients away due to labour market challenges. This resulted in an average estimated loss of 384 tourist clients per business, or on average 2% of tourist clients.

Reduced Customer Service/Visitor Experience

Almost half (48%) of businesses with labour market challenges delivered reduced customer service levels due to these challenges. In fact, on average, 19% of clients experienced reduced customer service levels.

Impacts of Labour Market Challenges
(% of Businesses)

Impact	All Businesses	Accommodations*	Food and Beverage*
Missed Business Opportunities	67%	64%	73%
Employee and Management Burn-Out	67%	46%	82%
Increased Overtime (O/T)	64%	64%	91%
Hired Under-Qualified Employees	55%	64%	64%
Reduced Customer Service/Poor Visitor Experience	48%	64%	55%
Reduced Business Hours	48%	18%	82%
Increased Business Costs (Other Than O/T)	36%	36%	27%
Turned Clients Away	30%	18%	36%
Delayed Business Expansion	27%	27%	46%
Other Kind of Impact	12%	0%	0%
Considered Business Closure	12%	9%	27%
Increased Automation	9%	18%	27%

■ All Businesses   ■ Accommodations*   ■ Food and Beverage*

How has your business been impacted by the labour market challenges? All Businesses n = 33, Accomodation n = 11, Food and Beverage n = 11. Under 10 respnses were received for outdoor recreation and attractions and other busineeses so they are not presented. Other impacts include: bonus incentive program, free services and creating a family atmosphere.

Missed Business Opportunities

Two-thirds of businesses (68%) with labour market challenges missed business opportunities due to these challenges. Missed business opportunities ranged from reduced marketing and training opportunities to lost business due to the inability to expand products.

Representative Comments About Missed Business Opportunities

'We were unable to host a few weddings mainly due to staff shortages but also facilities.'

'Do not want to do promotions if we are not able to provide quality product.'

'Was not able to send core staff for extra training on guest service-related projects because we were seriously understaffed"

'Could not expand products. Could not expand wholesale'

Increased Expenses

Two-thirds of businesses with labour market challenges experienced employee or management burnout (68%) or increased overtime (64%) while a third (36%) had other increased business costs. All together, these challenges represent increased expenditures for businesses due to labour market challenges. On average, these businesses increased their expenditures on these items by 5%. Expenditures increases due to labour market challenges was 7% for accommodation businesses and 4% for food and beverage businesses (4%).

For all businesses it was estimated that in 2019 an additional $2.44 million dollars was paid out in expenditures due to labour market challenges.

Revenue Losses

Tourism-related businesses with labour market challenges were asked to estimate if their revenue would stay the same or increase without labour market challenges. Ninety percent of businesses estimated they would have had revenue increases without labour market challenges in 2019. Revenue increases ranged by analysis group. Food and beverage businesses estimate their revenue would have been 17% more without labour market challenges, accommodation businesses would see 7% more revenues, outdoor recreation and attractions would see a 6% increase and other businesses would see increases of 12%.

Altogether in 2019, it was estimated that Golden tourism-related businesses lost about $6.6 million in revenue due to labour market challenges. In other words, without labour market challenges, tourism-related businesses would have earned an additional $6.6 million in tourism revenues. This means current tourism revenues ($124.5 million) would grow to $131.1 million without existing labour market challenges.

5.4. Economic Impacts of Current Labour Market Challenges

In 2019, it was estimated that Golden tourism-related businesses lost about $6.6 million in revenues due to labour market challenges. When direct, indirect and induced spending were accounted for, it is estimated that 2019 tourism revenue losses due to labour market challenges translated to:

- $9.7 million in domestic output and $4.6 million in Gross Domestic Product (GDP),
- $3.5 million in labour income including, $2.6 million paid in wages and salaries, $605 thousand in mixed income and $291 thousand in employers' social contribution,
- 90 jobs, and
- $1.5 million paid in taxes, including $739,672 (50%) in federal taxes, $563,175 in provincial taxes and $153,394 in municipal taxes.

As expected, the majority (59%+) of domestic output, GDP, material inputs, labour income, and employment occur in the Golden MRDT region. An even higher proportion (70%) of total taxes paid occurred in the Golden MRDT Region than other measures. A more detailed table of economic impacts is available in Appendix B.
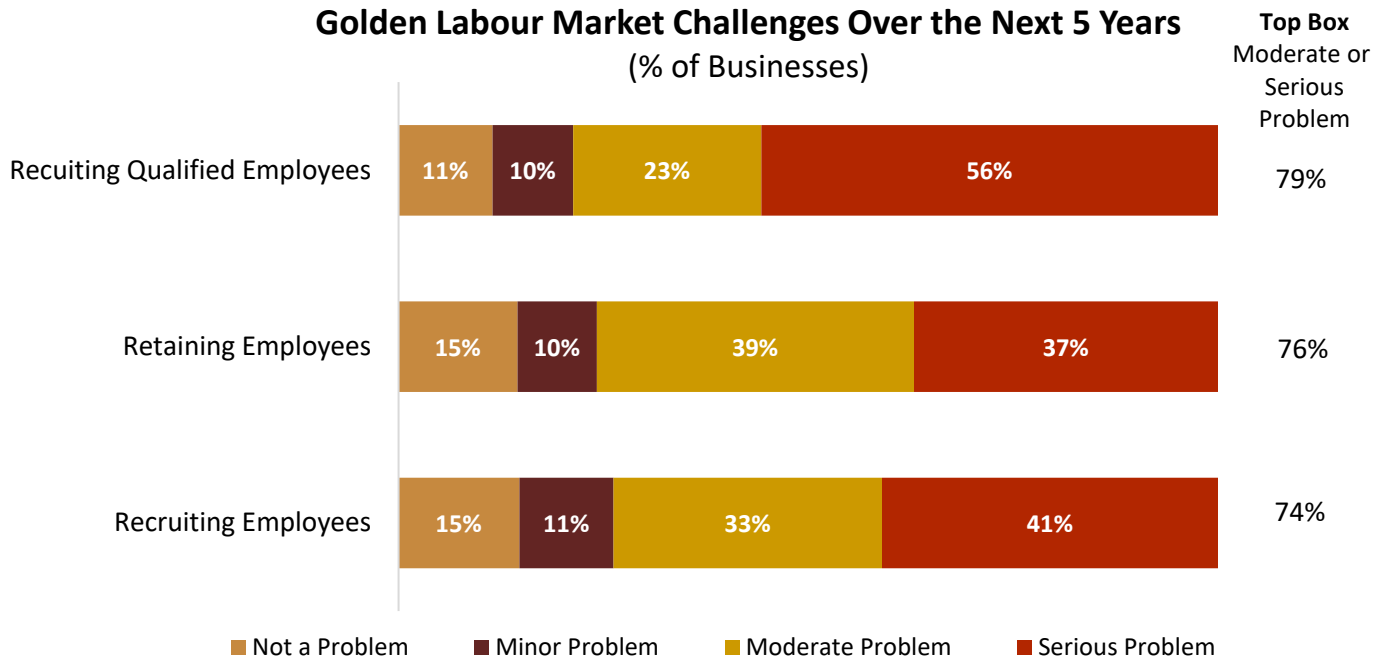
Direct, Indirect and Induced Impacts	2019 Cost of Labour Market Challenges		
	Golden MRDT Region	Other BC	TOTAL (Golden + Other BC)
Direct Spending/Business Revenue	$6,551,114		
Domestic Output[1]	$6,455,162	$3,277,500	$9,732,662
GDP at Basic Prices	$2,703,461	$1,867,496	$4,570,957
Material Inputs	$3,751,701	$1,410,005	$5,161,706
Labour Income	$2,140,175	$1,328,444	$3,468,619
Wages and Salaries	*$1,817,360*	*$754,694*	*$2,572,053*
Mixed Income	*$133,675*	*$471,529*	*$605,204*
Employers' Social Contributions	*$189,140*	*$102,221*	*$291,362*
Employment (jobs)	60	30	90
Total Taxes	$1,025,810	$430,431	$1,456,241
Total Federal Taxes	*$534,764*	*$204,908*	*$739,672*
Total Provincial Taxes	*$401,762*	*$161,413*	*$563,175*
Total Municipal Taxes	*$89,284*	*$64,110*	*$153,394*

1. Domestic output is equal to tourism spending minus consumer taxes

5.5. Future Labour Market Challenges

Next Five Years

Over the next five years, businesses expect to see recruiting *qualified* employees as the largest problem (79%), followed by retaining employees (76%) and recruiting employees (74%). More than half of tourism-related businesses think that recruiting qualified employees is a serious problem over the next five years.

Golden Labour Market Challenges Over the Next 5 Years
(% of Businesses)

	Not a Problem	Minor Problem	Moderate Problem	Serious Problem	Top Box: Moderate or Serious Problem
Recuiting Qualified Employees	11%	10%	23%	56%	79%
Retaining Employees	15%	10%	39%	37%	76%
Recruiting Employees	15%	11%	33%	41%	74%

Looking forward, over the next five years, how much of a problem will Golden have with the following labour market activities? n = 64

Moving forward, most food and beverage businesses anticipate continued challenges in recruiting employees (100%), recruiting qualified employees (91%) and retaining employees (82%). More than three-quarters of accommodation businesses anticipate future problems in recruiting qualified employees (78%), recruiting employees (79%) or retaining employees (67%).

Analysis Group	Next 5 Years: Moderate or Serious Problem (%)		
	Recruiting Qualified Employees	Recruiting Employees	Retaining Employees
Accommodations	78%	79%	67%
Outdoor Recreation and Attractions	65%	67%	69%
Food and Beverage*	91%	82%	100%
Other Businesses*	90%	78%	70%
ALL BUSINESSES	**79%**	**76%**	**74%**

Looking forward, over the next five years, how much of a problem will Golden have with the following labour market activities Other Businesses n = 10, Food and Beverage n = 11, Outdoor Recreation and Attractions n = 16, Accommodation n = 24.

Anticipated Impacts of Kicking Horse Canyon Highway 1 Project

Three-quarters (74%) of businesses foresee additional tourism labour market challenges associated with the 2020 implementation of the Kicking Horse Canyon Phase 4 Highway 1 project.

Businesses that Anticipate Increased Labour Market Challenges Due to the Implementation of the Kicking Horse Canyon Highway 1 Project
(% of Businesses)
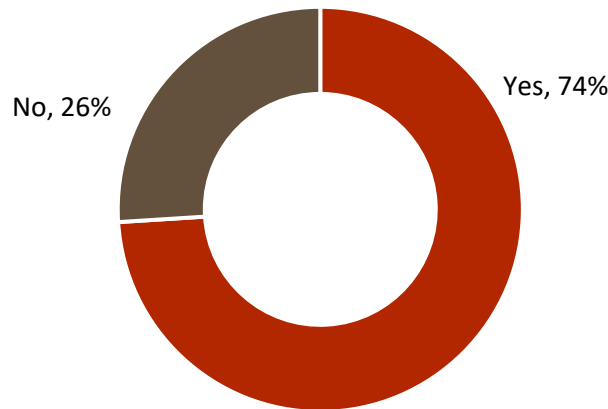
No, 26%

Yes, 74%

Implementation of the Kicking Horse Canyon Phase 4 Highway 1 improvement project will start in Spring 2020 Do you anticipate any labour market challenges for your business related to this project? n = 53.
Note 27% of businesses replied 'Don't Know' and were removed from analysis.

When asked what kinds of challenges they expect, almost half of businesses suggested that the travel delays will cause difficulty in accessing Golden (42%), a quarter think there will be less tourism demand (23%), while 19% thought there will be heightened housing availability and affordability issues (16%), further difficulty in recruiting and retaining employees (16%) and also the ability to offer competitive wages (13%).

Kicking Horse Canyon Project Challenges	Golden Businesses (%)
Travel Delays and Difficulty in Accessing Golden	42%
Reduced Tourism Demand	23%
Housing Availability and Affordability	19%
Difficulty in Recruiting and Retaining Employees	16%
The Ability to Offer Competitive Wages	13%

What challenges do you anticipate from the Kicking Horse Canyon Project?
31 businesses provided 35 comments about challenges.
Businesses could provide more than one comment therefore the total sums to more than 100%.
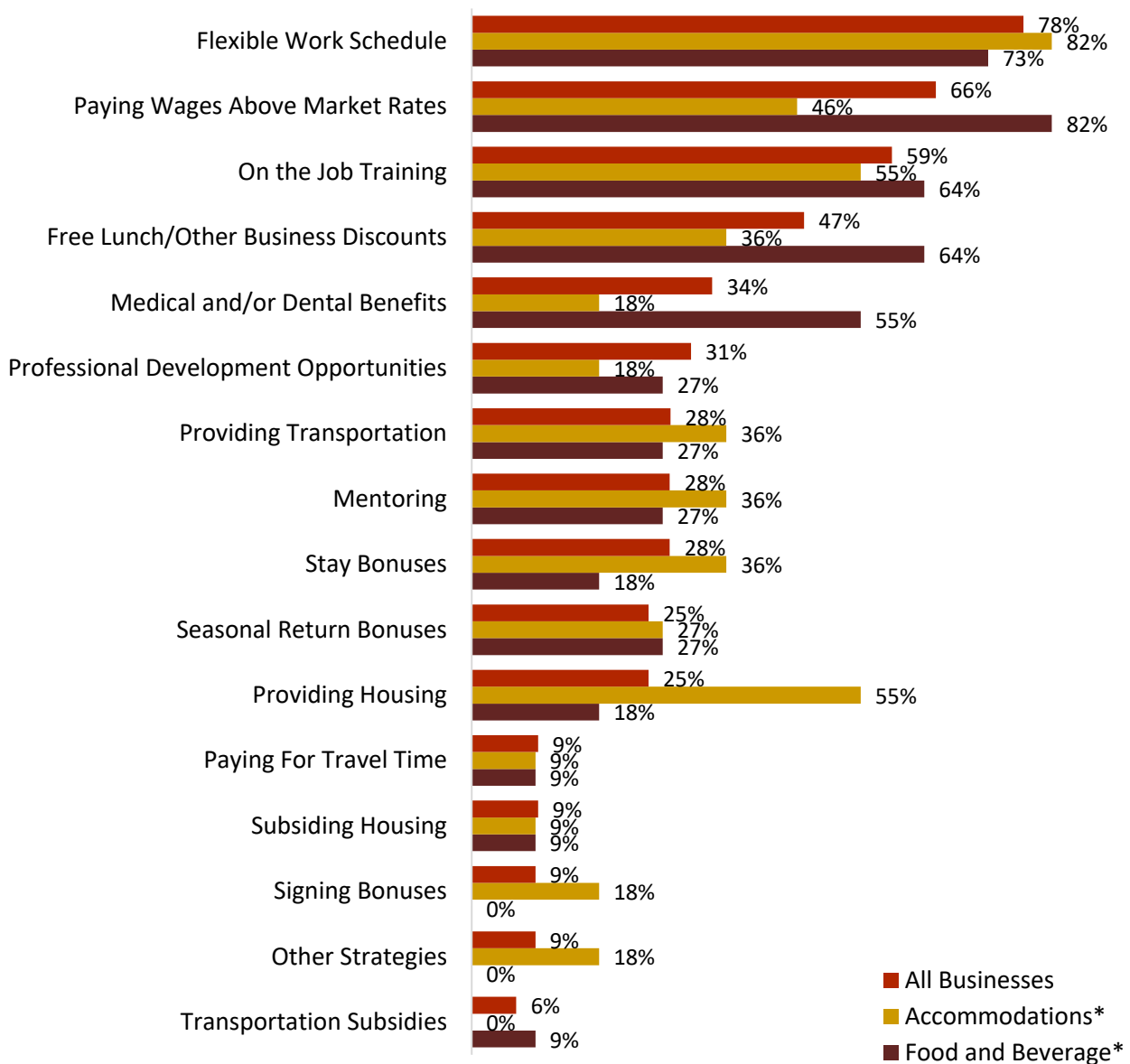
5.6. Suggestions for Improvement

Successful Strategies to Recruit and Retain

Businesses were asked what strategies they have used to recruit and retain more people to their business. Almost all had tried at least one kind of recruitment/retention strategy (94%). More than half of businesses have used flexible work schedule (78%), paying wages above market rates (66%) or providing on the job training (59%). Fewer businesses have provided free lunch or other business discounts (47%), provided medical/dental benefits (34%) or professional development opportunities (31%). Only a few businesses have tried paying for travel time (9%), subsiding housing (9%), signing bonuses (9%) or transportation subsidies (6%). Other strategies implemented included an incentive bonus program, creating a family atmosphere and free services.

Succesful Strategies To Recruit or Retain More People (% of Businesses)

Strategy	All Businesses	Accommodations*	Food and Beverage*
Flexible Work Schedule	78%	82%	73%
Paying Wages Above Market Rates	66%	46%	82%
On the Job Training	59%	55%	64%
Free Lunch/Other Business Discounts	47%	36%	64%
Medical and/or Dental Benefits	34%	18%	55%
Professional Development Opportunities	31%	18%	27%
Providing Transportation	28%	36%	27%
Mentoring	28%	36%	27%
Stay Bonuses	28%	36%	18%
Seasonal Return Bonuses	25%	27%	27%
Providing Housing	25%	55%	18%
Paying For Travel Time	9%	9%	9%
Subsiding Housing	9%	9%	9%
Signing Bonuses	9%	18%	0%
Other Strategies	9%	18%	0%
Transportation Subsidies	6%	0%	9%

What successful strategies has your business used to recruit/retain employees? n = 32. Accommodation = 11, Food and Beverage =11. Businesses could provide more than one comment therefore the total sums to more than 100%.

What Would Help?

Businesses were asked what would help *their business* to address the labour market situation. More than half (58%) suggested more affordable housing options, fewer suggested hiring foreign workers (17%), reducing the seasonal nature of the industry (13%), providing transportation options (13%) or offering competitive wages (13%).

What Would Help with Labour Market Challenges?	Golden Businesses (%)
Provide More Affordable Housing Options	58%
Foreign Recruitment	17%
Reduce Seasonal Nature of Industry	13%
Provide Transportation Options	13%
Target Students and Younger Demographics	13%
Offer Competitive Wages	13%
Enhance Community Appeal	8%
Lower the Cost of Living	8%
More Qualified People	4%

What would help your business address recruitment and retention challenges? 24 businesses provided 35 comments. Businesses could provide more than one comment therefore the total sums to more than 100%.

Representative Comments About What Would Help?

'More housing options. A number of recruits from out of town have accepted positions but were not able to start work as they could not find accommodations in or around Golden. Also, a number of qualified staff have left town for similar positions elsewhere due to less expensive accommodations in their new community.'

'Having an entity that encourages the young university student or traveler that Golden is the place to spend your summer, we compete directly with Banff. One strategy that we use to get employees is advertise at our sister property in Canmore where they get tons of resumes and ask if they would like to come to Golden instead. Most people don't even realize that Golden is just as exciting, or even more so in my opinion, than Banff and Canmore in the summer.'

'Accessible and affordable housing, year-round business & public transport to/from the hill.'

'Public transportation system in Golden would significantly help retention and recruitment. More affordable housing. More conveniences, economic opportunities and options in shopping and entertainment for them to want to stay in Golden longer term. Easier transportation options to Calgary, Revelstoke, and Cranbrook.'

Suggestions For Improving Golden's Labour Market Situation

Businesses were asked overall what suggestions they have to address the labour market situation in Golden. Almost two-thirds (65%) suggested more affordable and accessible housing options, included here was the idea to convert short term rentals into long term rentals for employee accommodation. Fewer suggested marketing tourism and Golden to potential employees (16%), hiring foreign workers (14%), targeting the younger demographic (11%), providing affordable transportation (8%), offering competitive wages (5%) or reducing the overall cost of living (3%).

Suggestions to Address Labour Market Challenges	Golden Businesses (%)
More Affordable and Accessible Housing	65%
Marketing - Promote Golden and the Tourism Industry	16%
Recruit Foreign Workers	14%
Target Students and Younger People	11%
Provide Affordable Transportation Options	8%
Other	5%
Offer Competitive Wages	5%
Reduce the Overall Cost of Living	3%

Do you have any suggestions on how to improve the tourism labour market situation in Golden? 37 businesses provided 47 suggestions. Businesses could provide more than one suggestion therefore the total sums to more than 100%.
Other responses include I believe it is a provincial issue. Seems to easy for people to claim EI rather than looking for work. Hiring grants for small businesses would help. Dog daycare

Representative Suggestions To Improve Golden's Labour Market Situation

'We need to have a new pilot program for immigrants which can support us in hiring new workers.'

'Short term rentals have been a killer for us, the loss of long-term rentals has driven many away or into really marginal accommodation.'

'Provide affordable transportation in town and in and out of town. Provide affordable housing for seasonal staff.'

'Affordable housing for seasonal workers Shuttle or bus service in town that also services Kicking Horse Mountain Resort Forward thinking Town Council and Town of Golden Employees, enforce the short term rental bylaw in town and get rid of the airbnbs in the town of Golden where it could be used for long term rentals'

'Keep Golden promoted as a great tourist destination & place to live.'

'Involve high school and specific businesses to provide training/qualifications for students interested in Tourism industry'

6.0. KEY FINDINGS

- There were approximate 285 tourism-related businesses in Golden in 2019. Similar to provincial trends, most are small (< 5 employees) have gross annual revenues of less than $1 million and operate in the accommodation and food and beverage sector of the tourism industry.

- In 2019, direct tourism revenue of tourism-related businesses in Golden was $124.5 million. This estimate was less than tourism revenues in larger cities like Kamloops ($282 million, 2018), or Kelowna ($337 million, 2016) and tourism hot spots like Banff/Canmore/Jasper ($1,009 million, 2012) or Tofino ($295 million, 2018) but more than $95 million in Squamish (2019),[15] and Fernie ($100 million, 2014/15).[16]

- 2019 tourism-related business revenues have substantial direct, indirect and induced economic impacts in Golden as well as in the rest of BC. They include:
  o $174 million in domestic output and $87.8 million in Gross Domestic Product (GDP),
  o $61.7 million in labour income including, $44.6 million paid in wages and salaries, $11.8 million in mixed income and $5.3 million in employers' social contribution,
  o 1,866 jobs, and
  o $34.5 million paid in taxes, this includes $17.2 million in federal taxes (50%) and $13.5 million (in provincial taxes (39%) and $3.8 million in municipal taxes (11%).

- Almost half (46%) of tourism-related businesses in Golden experienced labour market challenges in 2019. Of those, two-thirds (67%) were unable to hire all the people they needed. This means in total, about 31% of all Golden tourism-related businesses were unable to hire all the people they needed to fully operate their business and maximize profits.
  o Most unfilled positions were for lower skilled workers (69%), followed by needs for higher skilled workers (17%) and manager (14%). These results are similar to the 2014 provincial study of the economic impacts of the tourism labour market shortage in BC.
  o More than a third of unfilled positions were seasonal, full time jobs (34%), fewer were full year, part-time positions (19%), full year, full-time jobs (18%) or seasonal part-time positions (17%). These results parallel those from a fall 2019 regional Kootenay Rockies seasonal staffing survey conducted by Kootenay Rockies regional tourism association and go2HR.[17]
  o In total, there was an estimated 325 unfilled positions in Golden in 2019.

- As expected, tourism labour market challenges were the most severe in the summer when 84% of tourism-related businesses ranked it as a moderate or severe problem. Fewer businesses ranked labour market challenges as moderate or severe in the winter (43%), spring (43%) and fall (40%).

[15] Pacific Analytics 2019. Personal communication.
[16] https://tourismfernie.com/uploads/documents/4/FernieValue-Of-Tourism-3.pdf
[17] https://www.krtourism.ca/wp-content/uploads/2019/11/Kootenay-Rockies-Staffing-Survey-2019-Results-Report.pdf

- The impacts of labour market challenges are extensive and far reaching. Most tourism-related businesses experienced missed business opportunities (67%), employee and management burnout (67%), increased overtime expenditures (64%) or hire under-qualified staff (55%). Fewer experienced reduced customer service (48%) and business hours (48%), had increased business costs (36%) or had to turn clients away (30%).

- Of all tourism sectors, Golden's labour market challenges have the most dramatic impact on food and beverage businesses, followed by accommodations and outdoor recreation and attraction businesses. These results mirror current provincial BCLMO estimates for the Thompson Okanagan economic region that predict the most severe tourism labour shortages in the food and beverage, accommodation and program leaders in outdoor recreation and sport.

- Tourism-related businesses estimated their revenues lost as a result of labour market challenges. All together, the resulting revenue losses due to labour market challenges were estimated to be $6.6 million or about 5% more than current tourism revenues. When direct, indirect and induced spending were accounted for, 2019 tourism revenue losses due to labour market challenges translated to:
  - $9.7 million in domestic output and $4.6 million in Gross Domestic Product (GDP),
  - $3.5 million in labour income including, $2.6 million paid in wages and salaries, $605 thousand in mixed income and $291 thousand in employers' social contribution,
  - 90 jobs, and
  - $1.5 million paid in taxes, including $739,672 (50%) in federal taxes, $563,175 in provincial taxes and $153,394 in municipal taxes.

- Although the 2019 economic impacts of tourism labour market challenges have been quantified, these results do not estimate the longer-term financial impacts of poor customer service, turning clients away, reduced business hours, delayed business expansion, missed business opportunities and staff/management burn-out. These factors all have considerable negative impacts on the quality of Golden visitor experiences which in turn influence positive word-of-mouth, repeat visitation and future tourism revenue generation.

- In 2019, the lack of affordable, employee housing was a significant driver of labour market challenges in Golden. Also, several businesses further identified the lack housing is related to the rise of the short-term rental market. Golden tourism-related businesses also suggested that foreign recruitment, reducing seasonal nature of industry, increasing post secondary recruitment and greater transportation options were also all initiatives that would help to reduce Golden tourism labour market challenges.
  - These findings are supported by the challenges and strategies identified in the 2019 provincial Tourism Human Strategy coordinated by go2HR.
  - Affordable housing, foreign recruitment, reducing seasonal nature of industry, post secondary recruitment and transportation options were also all suggestions offered by respondents to the fall 2019 regional Kootenay Rockies staffing survey.

- o For most tourism-related businesses, labour market challenges started in 2015. This coincides with the start of complaints about short-term rentals to the Town of Golden[18] and the rise of overnight stays at short-term rentals in Golden summer visitor surveys.[19]

- This labour market research has identified opportunities to:
  - o Develop initiatives that alleviate challenges in the lack of tourism employee housing and local/regional transportation,
  - o Learn from other communities that have faced similar tourism employee housing and transportation challenges (e.g. Whistler, Sun Peaks, Banff etc.),
  - o After the lack of tourism employee housing is addressed, introduce marketing initiatives that expand messaging about Golden as a place live not just to visit,
  - o Investigate and implement programs that help employers with labour and skill shortages and promote the use of progressive human resource practices by businesses,
  - o Work with provincial and regional tourism associations, go2HR and education/training organizations to promote Golden to qualified tourism employees, especially in the food and beverage and accommodations sectors.
  - o Support provincial and regional initiatives to increase awareness and change perceptions about tourism careers, and
  - o Continue to track and investigate Golden tourism labour market challenges, especially after the COVID-19 situation is improved.

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[18] Town of Golden. 2016. Short-Term Rentals / Vacation Rentals - Report 1 Discussion Paper. https://www.tourismgolden.com/sites/default/files/DP%20PKG%20MDS%202016-07-15%20Short%20Term%20Rental%20Discussion%20Paper.pdf

[19] Align Consulting. 2016. 2016 Summer Visitor Study. Report Completed for Tourism Golden. https://www.tourismgolden.com/sites/default/files/20161025%20Golden%20Summer%202016%20FINAL%20REPORT.pdf

7.0. APPENDICES

Appendix A. Detailed Economic Impact Methodology

Appendix B. Economic Impact Detailed Tables

Appendix C. Business and Client Characteristics

Appendix D. Business Survey

Appendix A. Detailed Economic Impact Methodology

Background

Expenditures of tourism-related businesses in Golden have been developed to serve as inputs into the Tourism Regional Input-Output Model which will produce estimates of direct, indirect, and induced impacts on the Regional District and British Columbia. The Tourism Regional Input-Output Model (TRIOM) is an economic impact model based on Statistics Canada's detailed Input-Output tables for BC. The full Regional I/O model was developed for the Ministry of Transportation for their own internal project analysis; the Tourism version was commissioned by Destination BC to focus on tourism-related projects and analysis.

TRIOM fully accounts for all margins (wholesale, retail and transportation margins plus taxes) and reallocates these to the proper I/O categories, thus ensuring that any impacts are calculated correctly.[20] Similarly, since imports do not add to the province's economic activity, the model correctly removes both interprovincial and international imports from each spending category. If these adjustments are not done, the impact estimates will not be valid.

The model calculates 1st round indirect and induced impacts and assigns those to the affected regional district, subject to industry capacity constraints within the region. All 2nd round and subsequent indirect and induced impacts are assigned to regional districts based on regional output shares and locational constraints.[21]

These impacts will include the direct, indirect, and induced impacts separately at the regional (i.e., Regional District) level and the residual impacts on the other regions of the province. Included in the impacts are the impacts on GDP, Labour Income (including wages and salaries), Employment and Taxes by detailed category.

Direct Impacts: measures the contribution of a business or industry to the economy in terms of Gross Domestic Product (GDP), labour income paid, employment, and taxes paid to various governments.

Indirect Impacts: measures the impacts resulting from the expenses (goods and services) of a firm or industry used in the production process. The purchase of goods or services increases the economic activity of the supplying firms and, in turn, the supplying firms themselves must purchase their own goods and services which generates further economic activity in those supplying firms.

Induced Impacts: measures the impacts resulting from the wages and salaries paid by a firm or industry. When the wages and salaries are spent (less taxes and savings), the economic activity of the firms supplying those consumer goods and services increases. As well, the supplying firms themselves will pay additional wages and salaries to their own employees which, when spent, generates more economic activity.

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[20] When a business purchases a good, under I/O accounting standards the purchase price of this good is actually made up of four different purchases: the producer cost of the good at the factory gate, the cost to transport the good to the purchaser's location, the cost of any wholesale and retail mark-ups on the good, and finally, any indirect taxes that are embedded in the cost of the good. Hence, when a tourist purchases say, some clothing, one cannot simply put that spending into the I/O clothing category. Rather, the margins and producer price must be entered in their respective categories (taxes, of course, do not have any indirect or induced impacts on the economy) in order to calculate impacts properly.

[21] The TRIOM also estimates indirect and induced impacts at the municipality level based on the same capacity, locational and share constraints. At this time, however, the municipal module is completed only for the municipalities of Victoria and Kamloops.

TRIOM also identifies the impacts of tourism spending on specific tourism sectors. For example, output from TRIOM can identify the specific impacts on accommodation, retail trade activity, or other service industries.[22] In this way if data collection is sufficient, we will be able to identify the gross impacts as indicated by Golden tourism sector.

Input Output Primer

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. The Restaurant buys raw food items from the Food Wholesaling sector. Using other material inputs (e.g., electricity, gas, rent, utensils, etc.), it transforms the raw food into a completed restaurant meal, which, in turn, is sold to the restaurant patron at a selling price higher than the cost of its material inputs. The difference between the selling price of the meal and the material input cost is the "mark-up" or "value-added". This value-added is used to pay for the labour, 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 the Restaurant, 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 raw food inputs it uses, which should rightly be accounted for by the Agriculture and Food Manufacturing industries. Using "Value-Added", there is no double counting when measuring the value of an industry.

In terms of a Restaurant, the value-added of the Restaurant will be equal to the revenue received minus all of its material costs for goods or services uses in preparing the meals (material inputs), or:

Value Added = Revenue - Material Inputs

Another way of defining value added is that it is the sum of an industry's payments for labour, for indirect taxes, for depreciation and interest costs, and for profit:

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

In other words, 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.

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[22] In TRIOM there are 502 separate spending categories and 204 separate industries.

Economists have standardised the measure of the flows of commodities between industries 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 Restaurant industry produces "restaurant" services). The **USE** matrix highlights all of the various types of inputs used to produce that output (the Restaurant industry uses a variety of inputs including raw foods, electricity, natural gas, rent, etc.).[23] By mathematically manipulating these matrices, it is possible to determine by how much the supply of each commodity will increase when the output of an industry increases by one dollar.

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 raw foods are purchased by the Restaurant sector, the industries supplying those goods and services (in this case, the Agricultural and Food Manufacturing industries) increase their own economic activity. This increased activity itself creates demand for other products. The Agricultural industry, for example, may need more fertilizer. Fertilizer producers themselves may need more chemicals and fuel oil. The demand for extra chemicals and fuel oil will, in turn, stimulate activity in the chemical and petroleum industries. The increased activity in the chemical industry will create greater demand for its own inputs, perhaps some other primary 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 generally 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 $750,000 in disposable income. 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 to the retail sector who, in turn, will

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[23] Output is closely associated with industry revenues but there are important differences. Likewise, inputs are highly related to industry expenses. But, again, the differences are important. For a summary of these differences, see the next sub-section: *Technical Differences*.

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 the economy's 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, 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.[24] 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. These differences are discussed below.

Technical Differences

Although the National Accounting (Input-Output) measurement of the value and impacts of an industry 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, although not all the differences relate to the Restaurant example we are using in this primer. 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.[25]

The following outlines the major differences:

1. The first and perhaps most important difference is that National Accounting measures <u>all</u> 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. 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.

   Another (usually) off-budget item is an estimate of the value of imputed room and board provided to employees. 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, and thus contributes to overall GDP 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.

2. 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 non-operating revenues related to rental incomes, commissions and the like.

3. A third difference is that, under National Accounting, the value of each input in the **USE** matrix is stated in "producer" or "basic" 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

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[24] For a detailed discussion of the underlying mathematics of Input-Output analysis, see *Input-Output Analysis: Foundations and Extension*, Ronald E. Miller and Peter D. Blair, Prentice Hall, 1985

[25] *System of National Accounts*, Statistical Papers Series F No 2 Rev. 4, New York, 1993

items. For the Restaurant industry, the purchase cost of food will be equal to the "producer" cost of food (the cost at the manufacturer's plant gate) plus the cost of transporting the food (the "transportation" margin) plus any retail/wholesale mark-ups plus any indirect taxes. 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.

4. A fourth 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 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.

Appendix B. Economic Impact Detailed Tables

Economic Impacts of Tourism in Golden.

	VISITOR SPENDING IMPACTS		Golden MRDT Region						
	REGION: Golden MRDT Region			37	REST OF BRITISH COLUMBIA				
	Direct	Indirect	Induced	REGIONAL TOTAL	Direct**	Indirect	Induced	REST OF BC TOTAL	TOTAL IMPACTS, BC
Spending	$124,519,114								
Domestic Output*	$108,838,986	$5,288,810	$3,140,015	$117,267,812	$1,403,250	$34,522,086	$20,757,166	$56,682,502	$173,950,314
GDP at Basic Prices	$49,369,002	$3,378,848	$2,291,620	$55,039,470	$669,403	$18,790,159	$13,267,577	$32,727,139	$87,766,609
Material Inputs	$59,469,984	$1,909,963	$848,395	$62,228,342	$733,847	$15,731,928	$7,489,589	$23,955,363	$86,183,705
Labour Income	$34,858,019	$2,192,118	$1,613,785	$38,663,922	$322,952	$12,687,919	$10,026,631	$23,037,502	$61,701,424
Wages and Salaries	$28,945,763	$1,526,255	$669,810	$31,141,828	$275,099	$8,885,203	$4,318,823	$13,479,126	$44,620,954
Mixed Income	$2,656,120	$459,998	$853,332	$3,969,451	$12,424	$2,650,407	$5,126,420	$7,789,251	$11,758,702
Employers' social contributions	$3,256,137	$205,865	$90,642	$3,552,643	$35,429	$1,152,309	$581,388	$1,769,126	$5,321,769
Employment (jobs)	1,272.3	35.0	32.0	1,339.3	7.4	287.5	231.4	526.3	1,865.6
Employment (FTEs)	907.1	28.3	26.7	962.1	5.6	232.1	192.1	429.7	1,391.8
Total Taxes	$25,916,814	$635,088	$578,610	$27,130,512	$127,216	$3,724,291	$3,532,812	$7,384,320	$34,514,831
Total Federal Taxes	$13,091,007	$312,552	$265,355	$13,668,914	$65,970	$1,842,851	$1,631,541	$3,540,361	$17,209,275
Total Indirect Taxes	$6,105,782	$18,010	$61,247	$6,185,038	$1,715	$111,951	$396,893	$510,559	$6,695,597
Fed Trading Profits Tax	$0	$0	$174	$174	$0	$0	$1,153	$1,153	$1,328
Fed Gasoline Tax	$429,616	$3,993	$2,605	$436,213	$1,145	$25,519	$16,599	$43,262	$479,475
Fed Excise Tax	$2,718	$34	$21	$2,773	$10	$190	$136	$336	$3,109
Fed Excise Duties	$194,437	$734	$2,005	$197,176	$63	$4,464	$13,788	$18,315	$215,490
Fed Air Transport Tax	$5,182	$573	$1,913	$7,668	$50	$3,390	$12,583	$16,024	$23,692
Fed Import Duties	$285,689	$1,659	$3,492	$290,841	$220	$9,414	$23,177	$32,811	$323,652
GST	$5,179,536	$10,479	$50,443	$5,240,457	$176	$65,854	$325,963	$391,993	$5,632,451
Indirect Taxes on Production	$8,603	$538	$594	$9,736	$52	$3,120	$3,494	$6,665	$16,401
Personal Income Taxes	$5,751,381	$229,014	$175,987	$6,156,381	$31,146	$1,359,304	$1,064,875	$2,455,325	$8,611,707
Corp. Income Taxes	$1,233,845	$65,528	$28,121	$1,327,494	$33,109	$371,596	$169,773	$574,477	$1,901,971
Total Provincial Taxes	$10,250,294	$236,263	$215,512	$10,702,069	$52,894	$1,381,319	$1,337,343	$2,771,555	$13,473,624
Total Indirect Taxes	$7,091,288	$98,891	$128,791	$7,318,971	$17,105	$581,694	$811,667	$1,410,467	$8,729,437
Prov Environmental Tax	$398,719	$10,280	$6,202	$415,200	$4,219	$62,151	$38,733	$105,103	$520,303
Prov Trading Profits Tax	$892,690	$3,663	$25,546	$921,899	$301	$21,979	$171,392	$193,672	$1,115,572
Prov Gas Tax	$922,853	$9,505	$6,123	$938,480	$3,275	$59,461	$38,665	$101,400	$1,039,880
Prov Other Tax	$14,260	$0	$675	$14,935	$0	$0	$4,460	$4,460	$19,395
Land Transfer Tax	$0	$0	$0	$0	$0	$0	$0	$0	$0
PST	$4,174,703	$32,394	$42,746	$4,249,843	$5,183	$188,615	$279,013	$472,810	$4,722,653
Aboriginal Trading Profits	$0	$0	$0	$0	$0	$0	$0	$0	$0
Prov. Indirect Taxes on Production	$688,064	$43,049	$47,501	$778,614	$4,127	$249,488	$279,405	$533,021	$1,311,634
Personal Income Taxes	$2,254,186	$89,318	$66,098	$2,409,602	$11,509	$527,121	$401,175	$939,805	$3,349,407
Corp. Income Taxes	$904,819	$48,054	$20,622	$973,496	$24,280	$272,504	$124,500	$421,283	$1,394,779
Total Municipal/RD Taxes	$2,575,513	$86,273	$97,744	$2,759,529	$8,353	$500,121	$563,929	$1,072,403	$3,831,933
Tax	$1,182,710	$7	$1,314	$1,184,031	$0	$76	$5,762	$5,838	$1,189,870
Municipal Sales Tax***	$36,679	$1,419	$2,809	$40,906	$218	$8,322	$7,479	$16,019	$56,926
Mun. Taxes	$1,356,124	$84,847	$93,620	$1,534,592	$8,135	$491,724	$550,688	$1,050,546	$2,585,137

*Domestic Output is equal to tourism spending minus consumer taxes.

**Other BC 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 Golden MRDT Region

***Municipal Sales Taxes includes municpal parking taxes and MST on Electicity, etc.

	VISITOR SPENDING IMPACTS ON EMPLOYMENT				Golden MRDT Region			
REGION:	Golden MRDT Region						37	
	Direct		Indirect		Induced		REGIONAL TOTAL	
	Jobs	FTEs	Jobs	FTEs	Jobs	FTEs	Jobs	FTEs
Agriculture	0	0	8	6	2	2	10	8
Fishing and Forestry	0	0	1	1	0	0	1	1
Oil, Gas and Other Mining	0	0	0	0	0	0	0	0
Utilities	0	0	2	2	1	1	3	3
Construction	0	0	10	9	0	0	10	9
Food & Beverage Manufacturing	0	0	14	12	3	3	18	15
Wood and Pulp & Paper Manufacturi	0	0	2	2	0	0	2	2
Other Manufacturing	1	1	5	4	3	3	8	8
Wholesale Trade	1	1	8	7	4	4	14	12
Retail Trade	22	16	29	22	41	30	92	67
Transportation and Warehousing	1	1	11	10	6	5	18	17
Information and Cultural Industries	0	0	10	8	3	3	13	11
FIRE	200	155	52	43	138	122	390	319
Prof., Scientific and Tech. Services	1	0	49	41	2	2	52	43
Admin., Waste and Remediation Ser	0	0	43	33	2	2	45	35
Education Services	0	0	2	2	5	4	8	6
Health and Social Services	0	0	2	2	9	7	11	9
Arts, Entertainment and Recreation	399	250	23	15	8	6	430	270
Accommodation Services	328	268	5	4	7	5	339	277
Food & Beveraeg Services	308	203	7	5	14	9	329	217
Other Services (except Public Admir	4	4	30	24	8	6	42	34
Non-Profit Institutions	0	0	1	1	5	4	6	5
Public Adminstration	14	13	9	9	2	2	25	23
TOTAL	1,280	913	323	260	263	219	1,866	1,392

Economic Impacts of Tourism Labour Market Shortage in Golden

	CONSUMER SPENDING IMPACTS				Golden Total Shortge Impacts				
	REGION: Golden MRDT Region			37	REST OF BRITISH COLUMBIA				
	Direct	Indirect	Induced	REGIONAL TOTAL	Direct**	Indirect	Induced	REST OF BC TOTAL	TOTAL IMPACTS, BC
Spending	$6,551,114								
Domestic Output*	$5,996,328	$277,189	$181,645	$6,455,162	$22,706	$1,928,836	$1,325,958	$3,277,500	$9,732,662
GDP at Basic Prices	$2,388,381	$182,901	$132,180	$2,703,461	$10,658	$1,007,445	$849,393	$1,867,496	$4,570,957
Material Inputs	$3,607,947	$94,288	$49,465	$3,751,701	$12,048	$921,391	$476,566	$1,410,005	$5,161,706
Labour Income	$1,929,663	$117,463	$93,048	$2,140,175	$4,751	$682,394	$641,300	$1,328,444	$3,468,619
Wages and Salaries	$1,697,898	$80,839	$38,623	$1,817,360	$4,049	$474,144	$276,501	$754,694	$2,572,053
Mixed Income	$59,437	$25,039	$49,199	$133,675	$180	$143,781	$327,569	$471,529	$605,204
Employers' social contributions	$172,328	$11,586	$5,227	$189,140	$523	$64,469	$37,230	$102,221	$291,362
Employment (jobs)	56.6	1.9	1.8	60.4	0.1	15.2	14.6	29.8	90.2
Employment (FTEs)	38.7	1.5	1.5	41.8	0.1	12.2	12.1	24.4	66.2
Total Taxes	$958,376	$34,035	$33,398	$1,025,810	$1,951	$201,953	$226,528	$430,431	$1,456,241
Total Federal Taxes	$502,639	$16,799	$15,326	$534,764	$1,016	$99,119	$104,773	$204,908	$739,672
Total Indirect Taxes	$300,220	$951	$3,541	$304,712	$17	$6,161	$25,361	$31,540	$336,252
Fed Trading Profits Tax	$0	$0	$10	$10	$0	$0	$74	$74	$84
Fed Gasoline Tax	$8,768	$216	$150	$9,135	$11	$1,476	$1,061	$2,549	$11,684
Fed Excise Tax	$146	$2	$1	$149	$0	$11	$9	$20	$170
Fed Excise Duties	$10,497	$39	$116	$10,651	$1	$274	$880	$1,155	$11,806
Fed Air Transport Tax	$233	$26	$111	$370	$0	$163	$804	$967	$1,337
Fed Import Duties	$9,386	$93	$202	$9,681	$2	$564	$1,481	$2,046	$11,727
GST	$270,902	$545	$2,917	$274,364	$2	$3,500	$20,829	$24,331	$298,694
Indirect Taxes on Production	$288	$29	$34	$351	$1	$174	$224	$399	$750
Personal Income Taxes	$163,582	$12,352	$10,161	$186,095	$434	$73,199	$68,550	$142,183	$328,278
Corp. Income Taxes	$38,837	$3,496	$1,623	$43,957	$565	$19,759	$10,861	$31,185	$75,142
Total Provincial Taxes	$376,762	$12,556	$12,443	$401,762	$796	$74,901	$85,716	$161,413	$563,175
Total Indirect Taxes	$288,956	$5,169	$7,436	$301,561	$223	$32,070	$51,895	$84,188	$385,749
Prov Environmental Tax	$9,754	$574	$358	$10,686	$57	$3,666	$2,477	$6,200	$16,886
Prov Trading Profits Tax	$49,411	$193	$1,478	$51,082	$4	$1,345	$10,947	$12,296	$63,377
Prov Gas Tax	$19,318	$515	$354	$20,187	$31	$3,451	$2,472	$5,953	$26,140
Prov Other Tax	$238	$0	$39	$277	$0	$0	$285	$285	$562
Land Transfer Tax	$0	$0	$0	$0	$0	$0	$0	$0	$0
PST	$187,202	$1,547	$2,471	$191,221	$61	$9,656	$17,827	$27,545	$218,766
Aboriginal Trading Profits	$0	$0	$0	$0	$0	$0	$0	$0	$0
Prov. Indirect Taxes on Production	$23,033	$2,340	$2,736	$28,108	$69	$13,952	$17,888	$31,909	$60,018
Personal Income Taxes	$59,326	$4,823	$3,817	$67,966	$159	$28,341	$25,857	$54,356	$122,322
Corp. Income Taxes	$28,481	$2,564	$1,190	$32,235	$414	$14,490	$7,965	$22,869	$55,104
Total Municipal/RD Taxes	$78,975	$4,680	$5,630	$89,284	$139	$27,932	$36,038	$64,110	$153,394
Municipal & Regional District Tax	$32,243	$0	$76	$32,319	$0	$3	$332	$336	$32,655
Municipal Sales Tax***	$1,335	$69	$162	$1,566	$3	$430	$451	$883	$2,449
Property, Business & Other Mun. Taxes	$45,397	$4,611	$5,392	$55,400	$136	$27,499	$35,255	$62,891	$118,291

	CONSUMER SPENDING IMPACTS				Golden Total Shortge Impacts			
	Direct		Indirect		Induced		REGIONAL TOTAL	
	Jobs	FTEs	Jobs	FTEs	Jobs	FTEs	Jobs	FTEs
Agriculture	0	0	1	1	0	0	1	1
Fishing and Forestry	0	0	0	0	0	0	0	0
Oil, Gas and Other Mining	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0
Food & Beverage Manufacturing	0	0	1	1	0	0	2	1
Wood and Pulp & Paper Manufacturin	0	0	0	0	0	0	0	0
Other Manufacturing	0	0	0	0	0	0	0	0
Wholesale Trade	0	0	1	0	0	0	1	1
Retail Trade	0	0	2	1	3	2	5	4
Transportation and Warehousing	0	0	1	1	0	0	1	1
Information and Cultural Industries	0	0	0	0	0	0	1	1
FIRE	0	0	3	2	9	8	11	10
Prof., Scientific and Tech. Services	0	0	2	2	0	0	2	2
Admin., Waste and Remediation Servi	0	0	2	2	0	0	2	2
Education Services	0	0	0	0	0	0	0	0
Health and Social Services	0	0	0	0	1	0	1	0
Arts, Entertainment and Recreation	8	5	1	1	1	0	10	6
Accommodation Services	9	8	0	0	0	0	10	8
Food & Beveraeg Services	38	25	1	0	1	1	40	26
Other Services (except Public Admin.	0	0	1	1	0	0	2	1
Non-Profit Institutions	0	0	0	0	0	0	0	0
Public Adminstration	0	0	0	0	0	0	1	1
TOTAL	57	39	17	14	16	14	90	66

Appendix C. Business, Client and Employee Characteristic Details

Business characteristics were collected as part of the online business survey and are summarized here.

Business Characteristics	Total	Accommodation	Tourism Sector Outdoor Recreation & Attractions	Food and Beverage	Other Businesses
Seasonality					
Year-Round	69%	64%	36%	88%	100%
Seasonal	31%	36%	64%	12%	0%
Months of Operation (if seasonal)					
January	65%	60%	69%	67%	NA
February	65%	60%	69%	67%	NA
March	62%	53%	69%	67%	NA
April	65%	67%	63%	67%	NA
May	44%	53%	25%	100%	NA
June	68%	80%	50%	100%	NA
July	82%	100%	63%	100%	NA
August	82%	100%	63%	100%	NA
September	71%	87%	50%	100%	NA
October	29%	40%	13%	67%	NA
November	24%	7%	31%	67%	NA
December	65%	53%	69%	100%	NA
Annual Revenues ($)					
Less than $100,000	23%	26%	20%	12%	29%
$100,001 - $250,000	19%	26%	16%	0%	24%
$250,001 - $500,000	14%	13%	12%	12%	19%
$500,001 - $750,000	6%	5%	12%	0%	5%
$750,001 - $1,000,000	7%	3%	4%	24%	5%
$1,000,001 - $1,250,000	6%	0%	12%	18%	0%
$1,250,001 - $1,500,000	2%	3%	4%	0%	0%
$1,500,001 - $1,750,000	0%	0%	0%	0%	0%
$1,750,001 - $2,000,000	0%	0%	0%	0%	0%
$2,000,001 - $2,250,000	1%	0%	0%	6%	0%
$2,250,001 - $2,500,000	1%	0%	0%	6%	0%

Business Characteristics	Total	Accommodation	Tourism Sector Outdoor Recreation & Attractions	Food and Beverage	Other Businesses
$2,500,001 - $2,750,000	3%	8%	0%	0%	0%
$2,750,001- $3,000,000	0%	0%	0%	0%	0%
More than $3,000,000	6%	0%	12%	6%	10%
Prefer Not To Answer	8%	10%	4%	12%	5%
Don't Know	6%	8%	4%	6%	5%
Average Annual Tourism Revenue	$496,130	$483,690	$680,220	$687,103	$129,813
% Revenue from Tourism	75%	93%	78%	57%	40%
Average Annual Expenditures Allocated to Tourism	$311,609	$329,267	$201,802	$424,928	$171,869
% Labour Expenses/Wages	13%	9%	11%	21%	15%
% Payroll Taxes	2%	2%	1%	3%	1%
% Marketing and Promotional Activities	3%	4%	4%	2%	1%
% Mortgage and Rent	4%	5%	2%	4%	2%
% Food and Beverage	4%	4%	2%	10%	NA
% Maintenance of Existing Facilities and/or Equipment	4%	6%	2%	4%	1%
% Transportation and Fuel (Guest Related and Freight)	4%	6%	4%	1%	1%
% Banking/Credit Card Fees	2%	3%	2%	1%	1%
% Office Expenses (telephone, internet, office supplies, legal and accounting)	3%	4%	2%	1%	3%
% Property and Liability Insurance	3%	5%	3%	2%	1%
% Property Tax	2%	3%	1%	1%	1%
% Licenses & Other Taxes (Land lease, Crown land fees, Other taxes)	1%	1%	2%	1%	NA
% All Other Expenses (excluding interest and amortization)	9%	10%	10%	5%	11%

Note: NA means 'not available' due to small sample sizes (<10).

Client characteristics were collected as part of the online business survey and are summarized here.

Client Characteristics	Total	Accommodation	Tourism Sector Outdoor Recreation & Attractions	Food and Beverage	Other Businesses
Average Number of Clients	27,562	5,729	18,146	98,933	NA
Maximum Number of Clients	43,192	10,373	42,723	121,941	NA
Visitor Clients - Tourists (%)	76%	92%	76%	63%	NA
Average Tourist Clients (Estimated)	20,947	5,271	13,791	62,328	1,213
Length of Stay					
% Day Visitors	13%	3%	24%	24%	8%
% Overnight Visitors	49%	90%	42%	9%	16%
% Don't Know	30%	7%	25%	67%	50%
Repeat Clients (%)	30%	26%	23%	NA	NA
Average Client Expenditures ($)	$350	$392	$479	$100	NA

Note: NA means 'not available' due to small sample sizes (<10).

Employee characteristics were collected as part of the online business survey and are summarized here.

Employee Characteristics	Total	Accommodation	Tourism Sector Outdoor Recreation & Attractions	Food and Beverage	Other Businesses
Full Year, Full Time (Average)	4.1	3.0	4.0	7.5	2.1
Full Year, Part Time (Average)	3.0	1.3	0.5	9.7	2.3
Seasonal, Full Time (Average)	5.6	2.6	13.7	5.3	0.2
Seasonal, Part Time (Average)	3.2	2.4	4.5	4.8	1.2
Total Employees (Average)	17.6	12.0	22.7	27.3	6.2

Appendix D. Business Survey

2019 Golden Labour Market Survey

Align Consulting Group has been commissioned by Tourism Golden to administer this survey, and resulting information, will be used to:

1. To describe characteristics of tourism labour market challenges in Golden.
2. To estimate the economic impact(s) of tourism in Golden.
3. To estimate the economic impact(s) of tourism labour market challenges in Golden.

Your experiences and views are very important to the successful completion of this study. Please be assured that all your responses will be kept completely anonymous and confidential. Align Consulting Group will only provide aggregate survey results in the report. Neither Tourism Golden nor your association will be able to view your responses to this survey.

The survey will take approximately 15-20 minutes to complete. Kindly complete the survey by [INSERT DATE]. If you are experiencing problems with the survey program, please contact Align Consulting Group at tourismgolden@alignconsultinggroup.ca.

Notes:

If you are unable to complete the survey in a single session, you can continue the survey at a later date or update your answers by clicking on the same link.

If you have received this survey twice, please accept our apologies. We have used multiple associations to distribute this survey to ensure we reach as many operators as possible.

This survey covers the 2019 calendar year. If you operate your business using a fiscal year, please use 2018/2019 fiscal year information.

PRELIMINARY INFORMATION (Only for those businesses that are completing the open link)

Q1. Name of Business

☐

Q2. Name of Person Completing Survey

☐

Q3. Email

☐

Q4. Phone Number

☐

BUSINESS CHARACTERISTICS

This section collects information about your business including the operating season, revenues and expenses. These statistics are essential to calculate the economic impact of tourism in Golden. All responses will be confidential and only be reported in aggregate in the final report.

Q5. Which of the following industries characterizes the primary category to which your business/operation belongs?
- ○ Accommodation (including camping)
- ○ Activity or Recreation (guided activities, provision of access to recreation, facilities etc.)
- ○ Attraction (museum, art gallery)
- ○ Food and Beverage (restaurant, bar, pub etc.)
- ○ Grocery, Liquor or Pharmacy Store/Retail
- ○ Other Retail (other than grocery, liquor or pharmacy etc.)
- ○ Gas Station/Auto Services
- ○ Beauty and Health Services (hair stylist, spa, massage etc.)
- ○ Other Service-Orientated Business - Please specify type of business: _____
- ○ Other Type of Business - Please specify type of business: _____

Q6. Is this business operated on a year-round or on a seasonal basis?
- ○ Year-round
- ○ Seasonal

Q7. IF SEASONAL IN Q6, Please indicate ALL months in which your business operates, including those that you may only operate in partially.
Check all that apply.

☐ January	☐ June
☐ February	☐ July
☐ March	☐ August
☐ April	☐ September
☐ May	☐ October

☐ November ☐ December

Q8. Please indicate which gross revenue category is applicable for your business in 2019.
Select one.

○ Less than $100,000
○ $100,001 - $250,000
○ $250,001 - $500,000
○ $501,000 - $750,000
○ $750,001 - $1,000,000
○ $1,000,001 - $1,250,000
○ $1,250,001 - $1,500,000
○ $1,500,001 - $1,750,000

○ $1,750,001 - $2,000,000
○ $2,000,001 - $2,250,000
○ $2,250,001 - $2,500,000
○ $2,500,001 - $2,750,000
○ $2,750,001- $3,000,000
○ More than $3,000,000
○ Prefer Not To Answer
○ Don't Know

Q9. What percentage of 2019 total business revenue was generated by your tourist clients? Tourists/visitors are defined as travellers who are outside of their usual environment and could be day or overnight visitors.
Fill in the appropriate percentage.
_____ % Revenues Generated By Tourist Clients

Q10. What were your total business expenses (excluding interest and amortization) in 2019?
Fill in the appropriate number.
$_____ Total Expenses

Q11. Of the total 2019 operating expenses reported in Q10, what percentages are allocated to each of the following categories excluding interest and amortization?
Fill in the appropriate percentages, responses have been set at a default value of '0', leave as '0' if you had no expenses in that category. Please ensure the total adds to 100%.
_____ % Labour Expenses/Wages
_____ % Payroll Taxes
_____ % Marketing And Promotional Activities
_____ % Mortgage And Rent
_____ % Food And Beverage
_____ % Maintenance Of Existing Facilities and/or Equipment
_____ % Transportation And Fuel (Guest Related And Freight)
_____ % Banking/Credit Card Fees
_____ % Office Expenses (telephone, internet, office supplies, legal and accounting)
_____ % Property and Liability Insurance
_____ % Property Tax
_____ % Licenses & Other Taxes (Land lease, Crown land fees, Other taxes)
_____ % All Other Expenses (excluding interest and amortization)
= 100% Total Expenses

Q12. In 2019, did your business make any capital investments? If yes, did your business invest in new buildings and/or furniture or equipment? If so, how much was invested?

Select one response.

- ○ No Capital Investments
- ○ Invested In Buildings & Furniture………How much was spent? _____
- ○ Invested in Equipment…………………………How much was spent? _____
- ○ Other Kind Of Capital Investment……..How much was spent? _____

CLIENTS
This section collects information about client volume and characteristics. If you don't know an exact number your best estimate is fine.

Q13. Approximately how many clients did your business have in 2019?
Fill in the appropriate number.
_____ Clients

Q14. If your business were to operate at full capacity (with all the staff you need), what is the maximum number of clients you could have served 2019?
Fill in the appropriate number. Type in 'Don't Know' if don't know the percentage of repeat visitors.
_____ Maximum Number of Clients

Q15. Approximately how many of your clients were visitors (or tourists) to Golden in 2019? *Visitors/tourists are defined as travellers who are outside of their usual environment and could be day or overnight visitors.*
_____ Clients That Were Visitors (Tourist Clients)

Q16. Of your tourist clients in 2019, approximately what percentage were day visitors or overnight visitors?
Fill in the appropriate percentages. If you don't know type in 100% in the don't know category.
_____ % Day Visitors
_____ % Overnight Visitors
_____ % Don't Know
= 100% Total Visitors

Q17. Approximately what percentage of the total number of tourist clients were repeat visitors in 2019?
Fill in the appropriate percentage. Type in 'Don't Know' if don't know the percentage of repeat visitors.
_____ % Repeat Visitors

Q18. On average, in 2019, how much do tourist clients spend at your business?
*Fill in the average **per person** expenditure.*
$_____ Average Tourist Expenditure

EMPLOYEES
We are interested in knowing the number of people employed by your business had in 2019.

Q19. In 2019, how many people were employed in your business in the following types of positions?

Part-time is considered less than 35 hours per week. Please count yourself or other family members if you or they worked in the operation. Fill in the appropriate numbers.

_____ Full Year/Full-Time

_____ Full Year/Part-Time

_____ Seasonal/Full-Time

_____ Seasonal/Part-Time

_____ Total Employees in 2019

LABOUR MARKET CHALLENGES

We are interested in learning about any labour market challenges that your business may have encountered in 2019. Labour market challenges include any problems your business may have had in recruiting and retaining employees or contracted employees/services. Challenges also include problems like reduced customer service levels, reduced business hours, staff and management burnout or employment of staff without adequate skills.

Q20. Currently, how much of a problem does Golden have with the following labour market activities?
Select one response per row.

	Not a Problem	Minor Problem	Moderate Problem	Serious Problem	Don't Know
Recruiting Employees	O	O	O	O	O
Recruiting Qualified Employees	O	O	O	O	O
Retaining Employees	O	O	O	O	O

Q21. In the past five years what locations have you recruited employees from?
Please click all that apply.
- ☐ The Kootenay Rockies Area
- ☐ Rest of BC
- ☐ Alberta
- ☐ Rest of Canada
- ☐ International

Q22. IF INTERNATIONAL in Q21. Which international recruitment programs has your business used?
Please click all that apply.
- ☐ Working Holiday Visa
- ☐ Provincial Nominee Program
- ☐ Work Permit for International Student
- ☐ Canadian Experience Class
- ☐ Federal Skilled Worker Program
- ☐ Federal Skilled Trades Program
- ☐ Other Program. Please specify:
- ☐ NONE

Q23. Did your business have any labour market challenges in 2019?
- O Yes

○ No – Skip to Q40

Q24. Was your business able to hire all the people you wanted to hire in 2019?
   ○ Yes – Skip to Q28
   ○ No

Q25. IF NO Q24. In total, how many unfilled positions did your business have in 2019?
   _____ Unfilled Positions

Q26. IF NO Q24. How many of the <Q25 Response> unfilled positions were there in each of the following categories in 2019?
   Part-time is considered less than 35 hours per week. Please count yourself or other family members if you or they worked in the operation. Fill in the appropriate numbers.
   _____ Full Year/Full-Time
   _____ Full Year/Part-Time
   _____ Seasonal/Full-Time
   _____ Seasonal/Part-Time

Q27. IF NO Q24. How many of the <Q25 response> unfilled positions were there in each of the following categories in 2019?
   Fill in the appropriate employee numbers, responses have been set as a default of '0'. Please leave as '0' if there are not employees in a specific category.

Position Type	Number of Unfilled Positions
Managers (e.g., Food and Beverage Manager, Front Office Manager, Human Resources Manager, etc.)	
Higher Skilled Workers (e.g., Ski Instructor, Chef, Pilot, Accountant, etc.)	
Lower Skilled Workers (e.g., House Keeping Room Attendant, Bell Person, etc.)	

Q28. How has your business experienced other labour market challenges?
   Please click all that apply.
   ☐ Reduced Business Hours
   ☐ Turned Clients Away
   ☐ Reduced Customer Service/Poor Visitor Experience
   ☐ Increased Overtime (O/T)
   ☐ Increased Business Costs (Other Than O/T)
   ☐ Employee and Management Burn-Out
   ☐ Missed Business Opportunities
   ☐ Delayed Business Expansion
   ☐ Hired Under-Qualified Employees
   ☐ Increased Automation
   ☐ Considered Business Closure

☐   Other Kinds Of Impacts. Please describe: _____

Q29.   IF Q28 = REDUCED BUSINESS HOURS. You responded that your business had <Q15 Response> tourist clients in 2019. Approximately, how many more tourist clients would you have had if you did not have to reduce your business hours?
Fill in the appropriate number, an estimate is fine.
_____ More tourist clients without reduced business hours

Q30.   IF Q28 = TURNED CLIENTS AWAY. You responded that your business had < Q15 Response> tourist clients in 2019. In addition to those clients, approximately how many more tourist clients did you turn away?
Fill in the appropriate number, an estimate is fine.
_____ Tourist clients were turned away

Q31.   IF Q28 = HIRING UNQUALIFIED EMPLOYEES, INCREASED OVERTIME, BUSINESS COSTS OR EMPLOYEE BURN OUT. You responded that your business had <Q10 Response> business expenses in 2019. Of those expenses, approximately how much did your business pay out due to overtime, employee burn out, hiring unqualified staff or other business costs that you wouldn't have paid if you had adequate staffing levels?
Fill in the appropriate number, an estimate is fine.
$_____ Cost

Q32.   IF Q28= REDUCED CUSTOMER SERVICE. You responded that your business had < Q15 Response> tourist clients in 2019 and you responded your clients experienced reduced customer service levels due to labour market challenges. Approximately what percentage of those clients would have experienced reduced customer service levels?
Fill in the appropriate number, an estimate is fine.
_____ % of clients experienced reduced customer service levels

Q33.   IF Q28 = MISSED BUSINESS OPPORTUNITES OR DELAYED BUSINESS EXPANSION. You responded that you had missed business opportunities or delayed business expansion. Can you please describe?

Q34.   IF Q28 = OTHER KINDS OF IMPACTS. Did this 'other' impact result in reduced revenues or increased costs to your business? If so, how much?
Select one response, an estimate is fine.
o   No Increased Costs or Reduced Revenues
o   Increased costs, About How Did They Increase? $_____
o   Reduced revenues, approximately how much? $_____
o   Don't Know

Q35.   You indicated your total business revenue in 2019 was <Q8 Response>. Now think big picture, suppose your business DID NOT have any labour market challenges in 2019, would your business revenues have STAYED THE SAME or INCREASED? If increase, by about how much?
o   Stay the Same

     o   Increased, by approximately what percentage? _____%

Q36. What seasons were labour market challenges a problem for your business? *Select one response per row.*
Please select "Not Open' if your business did not provide service to clients that season.

	Not a Problem	Minor Problem	Moderate Problem	Serious Problem	Don't Know	Not Open
Winter	O	O	O	O	O	O
Spring	O	O	O	O	O	O
Summer	O	O	O	O	O	O
Fall	O	O	O	O	O	O

Q37. Did your business encounter a significant labour shortage problem before 2019?
    O Yes, what year did you first encounter labour market challenges? _____
    O No
    O Don't Know

Q38. What successful strategies has your business used to recruit/retain more employees?
Please click all that apply.
    ☐ Providing Housing
    ☐ Subsiding Housing
    ☐ Providing Transportation
    ☐ Providing Transportation Subsidies
    ☐ Paying For Travel Time
    ☐ Paying Wages Above Market Rates
    ☐ Providing Medical and/or Dental Benefits
    ☐ Signing Bonuses
    ☐ Stay Bonuses
    ☐ Seasonal Return Bonuses
    ☐ Providing Free Lunch Or Other Business Discounts
    ☐ Flexible Work Schedule
    ☐ Training
    ☐ Mentoring
    ☐ Professional Development Opportunities
    ☐ NONE
    ☐ Other _____

Q39. What would help your business address recruitment and retention challenges?
Type in your response or 'none'.

LOOKING FORWARD
Q40. Looking forward, over the next five years, how much of a problem will Golden have with the following labour market activities?

Select one response per row.

	Not a Problem	Minor Problem	Moderate Problem	Serious Problem	Don't Know
Recruiting Staff	O	O	O	O	O
Recruiting Qualified Staff	O	O	O	O	O
Retaining Staff	O	O	O	O	O

Q41. Implementation of the Kicking Horse Canyon Phase 4 Highway 1 improvement project will start in Spring 2020. Do you anticipate any labour market challenges for your business related to this project?
- o   Yes, what labour market challenges do you anticipate? _____
- o   No
- o   Don't Know

Q42. Do you have any suggestions on how to improve the tourism labour market situation in Golden?
Type in your response or 'none'.

Q43. Do you have any other comments about labour market challenges in Golden?
Type in your response or 'none'.

Q43. If needed, are you willing to share more financial information (in confidence) to the project consultants? The additional information would assist the project consultants in developing estimates of labour market challenges in Golden.
- O   Yes
- O   No