



MR062

**Final Report -- January 24, 2002**

**Economic Impact of the Whistler  
Resort**

**Whistler, British Columbia**

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## Table of Contents

I	Introduction .....	5
	A. Objective .....	6
	B. Scope of the analysis .....	6
II.	Description of the Resort.....	8
III.	Methodology .....	14
	A. Definition of economic impacts .....	14
	B. Methodology for impact calculation .....	16
	C. Timing .....	17
	D. Estimate of tourist spending .....	17
IV.	Whistler Resort's Economic Contribution .....	21
	A. Estimate of tourism spending .....	21
	B. Employment .....	22
	C. Value-added .....	23
	D. Government revenues.....	24
	E. Conclusion .....	26
V.	Additional Observations.....	27
	A. Visitor market profile and growth.....	27
	B. Estimate of other spending related to the Resort.....	30
	C. Sales and Marketing.....	32
	D. Meetings and Conventions .....	32
	E. International Exposure .....	33
	F. Conclusion .....	34
VI.	Conclusion.....	36

## **Executive Summary**

Whistler is one of British Columbia's most significant self-contained tourist destinations, having grown significantly since 1966 when the Garibaldi Lift Company began operation on Whistler Mountain. Whistler's ski and golf facilities have international significance, having been ranked among the very best in North America.

Whistler welcomes over two million visitors annually. Facilities at Whistler include two world-class alpine ski hills, four championship golf courses, 158 commercial lodging establishments with more than 7,200 units or rooms, over 100 foodservice establishments, over 200 retail operations and a conference centre.

Conventional wisdom suggests Whistler provides significant economic benefits to the Province of British Columbia. In 2001, One Whistler commissioned KPMG to quantify the employment, labour income, value-added, and government revenues resulting from Whistler's operations as well as to identify the uniqueness of Whistler with regard to economic impact on British Columbia.

### **Economic significance of Whistler**

KPMG estimated tourist spending for visitors to Whistler was \$1.035 billion in calendar year 2000, of which \$114 million was spent outside of Whistler. For comparison purposes, total tourism revenue for British Columbia in 2000 was estimated to be \$9.474 billion. Spending by Resort visitors generated the following impacts:

- **21,470 full-year equivalent jobs**—Visitors to Whistler are estimated to have supported 21,470 full-year equivalent jobs in 2000 of which 14,200 were in Whistler with the remainder in the rest of British Columbia. Salaries and wages paid, directly and indirectly, are estimated at \$529 million.
- **\$795.6 million in direct and indirect value-added**—Of the \$795.6 million in value-added \$446.5 million is generated in Whistler and \$349.1 million is generated in the rest of British Columbia. By comparison, Tourism British Columbia estimates the direct value-added generated by the tourism industry in the province is \$4.5 billion.
- **\$376.4 million in government revenues**—The estimated direct and indirect government revenues generated by tourism spending in Whistler are estimated to be \$167.9 for the federal government, \$175.6 to the British Columbia government and \$32.9 to the municipal governments, for a total of \$376.4 million.

Tourism spending was estimated in ten categories: lodging, food & beverage, recreation & entertainment, retail, grocery, transportation (local), transportation (public), private transportation (rental), private transportation (operation) and second family home maintenance & repair. In addition, allowances were made for tourism spending outside Whistler by visitors whose primary reason for visiting British Columbia was to visit the Resort. A complete description of the methodology employed in this analysis is included in the full report.

## Market profile of Whistler

Tourism activity in Whistler is growing at a much faster rate than for the province as a whole. Hotel room revenue at Whistler increased 168% between 1993 and 1999 while room revenue for the province grew 67% over the same period. The number of occupied room nights in Whistler by visitors to British Columbia increased by almost 110% between 1993 and 2000 while occupied room nights at Whistler by British Columbia residents increased 64% over the same period. Similarly, the proportion of international visitors to Whistler is increasing at a considerably higher rate than visitors to the province as a whole. It is anticipated that growth consistent with recent results will continue in the foreseeable future, given continued investment in infrastructure, amenities and marketing programs.

## Uniqueness of Whistler

Whistler is a unique community where a population of 9,600 is able to support annual tourist visitation of over two million. Among the benefits of such a model is Whistler's ability to produce a disproportionate share of tax revenue for a community of its size. For example:

- **School and hospital taxes**—RMOW generates two thirds of the Squamish-Lillooet Regional District's school taxes while having only one quarter of the population. As with the school component, the Resort Municipality collects a disproportionate share—about 95%—of the hospital districts operating budgets.
- **Property transfer tax**—Whistler's 1,557 real estate transactions in 2000 produced about \$10 million in property transfer tax for the province—about 4% of total property transfer tax revenue despite having about half of one percent of the housing stock.

Tourism Whistler spends approximately \$6.1 million annually marketing Whistler, a substantive sum even when compared to large urban destinations such as Vancouver and Victoria. A significant proportion of these funds are directed at attracting visitors from outside the province and to direct selling to convention groups. In this regards, Whistler plays a disproportionate role in marketing British Columbia to other Canadians and international travellers.

## Future of Whistler

The progressively more international mix of visitors (as measured by geographic origin of hotel guests) demonstrates the international profile of Whistler. Increasingly, British Columbia residents are becoming a smaller proportion of total visitors (although still growing in absolute numbers), with Whistler playing an important role in growing non-resident visitors to the province. This in turn injects foreign currency, promotes trade and benefits the British Columbia and Canadian economies. In addition to the mix of visitors, Whistler has also demonstrated a capacity to grow total visitation faster than the province as a whole.

Whistler's international marketing activities are substantive, and the success is evidenced by visitor numbers. The presence of several international hotel chains in Whistler supports Whistler's business and leisure marketing initiatives—and indirectly benefits British Columbia tourism marketing efforts.

Whistler's contribution to the Province is impressive and the potential continues to be realized as evidenced by the increase in visitation over the last ten years. This growth is anticipated to continue, reinforcing Whistler's position as an economic engine for the Provincial economy.

Notwithstanding the positive outlook, the future success of Whistler and the continued growth in year-round visitation depends on both the maintenance of existing infrastructure as well as development of new infrastructure designed to enhance the guest experience. Ongoing investment in Whistler is crucial to maintain its position as a world-class destination resort. As the vast majority of the economic benefits generated by visitors to Whistler flow out of the community, and are therefore, not within Whistler's control, unique solutions will be required to ensure Whistler maintains its competitive advantage and vitality.

## I Introduction

The Whistler Resort area ("Whistler") is thriving and successful and has changed significantly since 1966 when the Garibaldi Lift Company began operation on Whistler Mountain. A pedestrian village, developed in 1980, has helped the resort grow to become a world-class destination attracting over two million visitors annually. Of the 1,004,968 hotel room nights sold in the 1999/2000 operating season, approximately 76% of the winter and 54% of the summer hotel guests are from outside the Province of British Columbia.

Growth at the resort has been significant. Total visitation has increased 41.8% from 1,459,927 in 1996 to 2,069,730 in 2000. Over the past ten years (1991 to 2000):

- Occupied room nights have increased 116.5% from 472,184 to 1,022,239.
- Skier visits have increased approximately 95% from 1,123,250 to 2,188,000.
- Golf rounds have increased approximately 250% from 28,000 to 97,972.

As Whistler has grown, the profile of the visitor has changed. It is important that Whistler continues to develop to meet the needs and expectation of the discerning visitor by providing a complete resort amenity package that is competitive in an international market. Continuous investment is required to maintain the quality of Whistler.

Whistler provides increasingly significant economic benefits to British Columbia. One Whistler is seeking ways to quantify these benefits as a necessary step in sustaining and growing Whistler.

## **A. Objective**

KPMG has been asked to determine the economic impacts associated with Whistler. Specifically, KPMG was asked to:

- Determine the economic impact of Whistler specifically, the employment, labour income, value-added, and government revenues resulting from Whistler's operations.
- Provide examples demonstrating the uniqueness of Whistler with regard to economic impact (e.g., the identification of situations where tax revenues raised in Whistler exceed the benefits received locally).
- Create a tool that will allow Tourism Whistler to calculate value-added, employment and selected government revenues on an annual basis.

## **B. Scope of the analysis**

In completing this analysis KPMG:

- Reviewed tourism information provided by Tourism Whistler, RMOW and various operators.
- Collected revenue information from local lodging, retail, transportation and recreation operators.
- Reviewed taxation information provided by RMOW and the Province of British Columbia.
- Interviewed key contacts at Tourism Whistler, RMOW, Whistler Housing Authority, B.C. Assessment Office and local tourism operators.
- Estimated the amount of tourism spending in Whistler for the year ending December 31, 2000.

- Estimated the amount of tourism spending by visitors to Whistler outside Whistler but within the Province of British Columbia. This analysis included only those visitors whose primary reason for visiting British Columbia was to visit Whistler.
- Utilized the tourism spending data in conjunction with economic multipliers generated by the Conference Board of Canada's TEAM Model to develop estimates of the economic impacts of Whistler at the local and provincial levels. The TEAM data was supplemented with employment and taxation data collected during the course of the engagement.

Upon completing these steps the following report was prepared.

## II. Description of Whistler

In 1966, the Garibaldi Lift Company began a small ski operation on the west side of Whistler Mountain. In 1980, Blackcomb Mountain opened and construction began on Whistler Resort at the base of these two mountains. In 1982, the Whistler Golf Club opened and, along with the Whistler Conference Centre, became a catalyst in making Whistler a four-season resort. Over the next two decades, Whistler has grown to become a world-class destination resort.

Today, Whistler welcomes over two million visitors annually. Whistler has been named as the top winter resort on numerous occasions by *Snowboard Life Magazine*, *Skiing Magazine*, *Ski Magazine* and *Mountain Sports and Living Magazine*.

Whistler's facilities include:

- Two world-class alpine ski mountains, which combined, offer over 7,000 acres of skiable terrain, 30 lifts, over 200 marked runs, over 5,000 feet of vertical rise and a lift capacity of over 59,000 skiers and snowboarders per hour.
- Four championship golf courses.
- 158 commercial lodging establishments with 7,236 units or rooms and 32,490 pillows (commercial lodging capacity).
- Over 100 foodservice and/or beverage establishments with over 30,000 seats.
- Over 200 retail shops.
- A conference centre with over 35,000 ft<sup>2</sup> of meeting space.
- Services such as banking, churches, medical and dental clinics, physiotherapy and massage therapy, office services, public library, museum, movie theatre, health and fitness centres, swimming pool, arena, tennis courts, spa facilities and beauty salons.

Whistler's growth has been spurred by the continued development of ski and golf facilities. The amount of commercial accommodation has grown rapidly to address

demand growth. Exhibit II-1 provides information on Whistler's commercial accommodation from 1985 to 2001 year-to-date (April).

**Exhibit II-1  
Whistler Resort commercial accommodation – 1985 to 2001 YTD**

Year	Occupied		ADR	RevPar	Growth			
	Rooms	Occupancy			Demand	Supply	ADR	RevPar
1985*	138,768	54%	\$ 87.43	\$ 47.50	n/a	n/a	n/a	n/a
1986	202,067	58%	\$ 87.23	\$ 50.25	46%	37%	0%	6%
1987	250,792	57%	\$ 83.91	\$ 47.96	24%	25%	(4%)	(5%)
1988	331,399	57%	\$ 90.74	\$ 51.38	32%	33%	8%	7%
1989	357,015	55%	\$ 97.00	\$ 53.04	8%	12%	7%	3%
1990	432,308	51%	\$105.96	\$ 54.33	21%	29%	9%	2%
1991	472,184	51%	\$118.64	\$ 60.83	9%	9%	12%	12%
1992	519,385	53%	\$118.70	\$ 63.37	10%	6%	0%	4%
1993	535,301	55%	\$114.91	\$ 62.93	3%	0%	-3%	(1%)
1994	588,289	61%	\$121.50	\$ 74.47	10%	(2%)	6%	18%
1995	617,540	57%	\$140.10	\$ 80.47	5%	12%	15%	8%
1996	644,767	54%	\$151.24	\$ 82.17	4%	10%	8%	2%
1997	711,906	52%	\$152.60	\$ 78.99	10%	16%	1%	(4%)
1998	835,964	50%	\$156.36	\$ 77.53	17%	23%	2%	(2%)
1999	929,765	53%	\$177.39	\$ 94.85	11%	3%	13%	22%
2000	1,022,239	55%	\$197.49	\$108.94	10%	7%	11%	15%
Total					636.7%	625.6%	125.9%	129.3%
<b>Year-to-date (April)</b>								
2000	468,464	80%	\$232.62	\$186.10	n/a	n/a	n/a	n/a
2001	468,788	75%	\$259.18	\$194.39	0.1%	6.7%	11.4%	4.5%

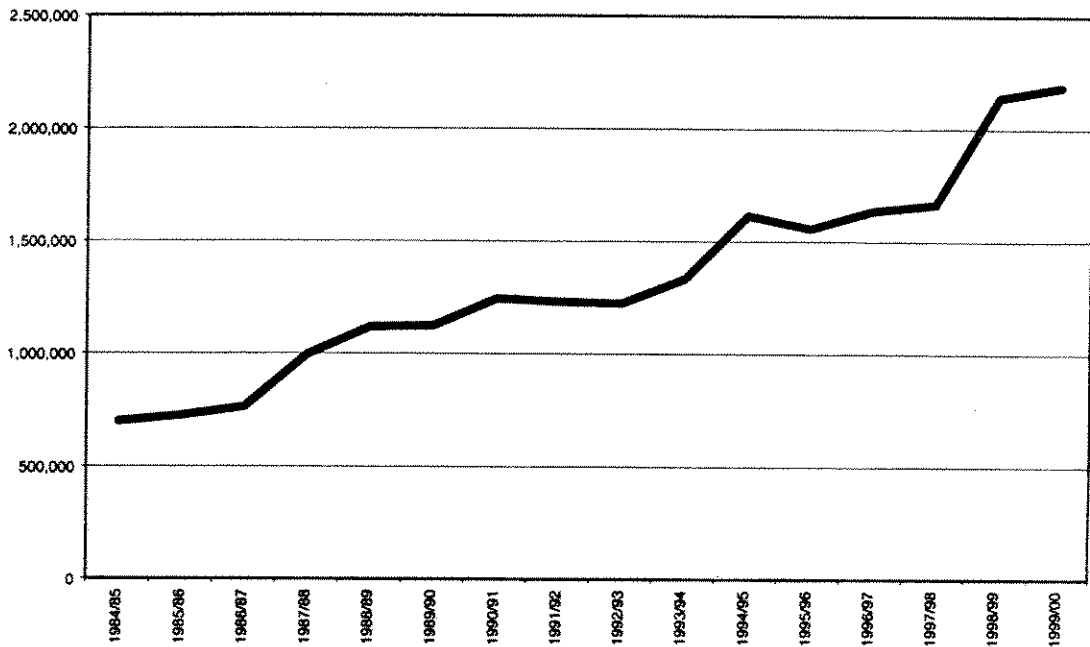
Source: Tourism Whistler, KPMG.

Note: \*ADR and RevPAR are estimated in 1985.

In 2000, Whistler surpassed one million occupied room nights for the first time representing growth of 637% since 1985. During the same period, commercial accommodation supply increased 626% and both average daily rates ("ADR") and revenue per available room ("RevPAR") have more than doubled. In 2000/2001 despite a 6.7% increase in the supply of commercial accommodation, RevPAR has increased 4.5% (year-to-date April) over the same period the previous year.

As the skiable terrain was expanded together with additional lifts and growth in commercial accommodation supply, the number of skier visits also increased as shown in Exhibit II-2.d

**Exhibit II-2  
Whistler Resort – skier visits, 1984/85 to 1999/00**

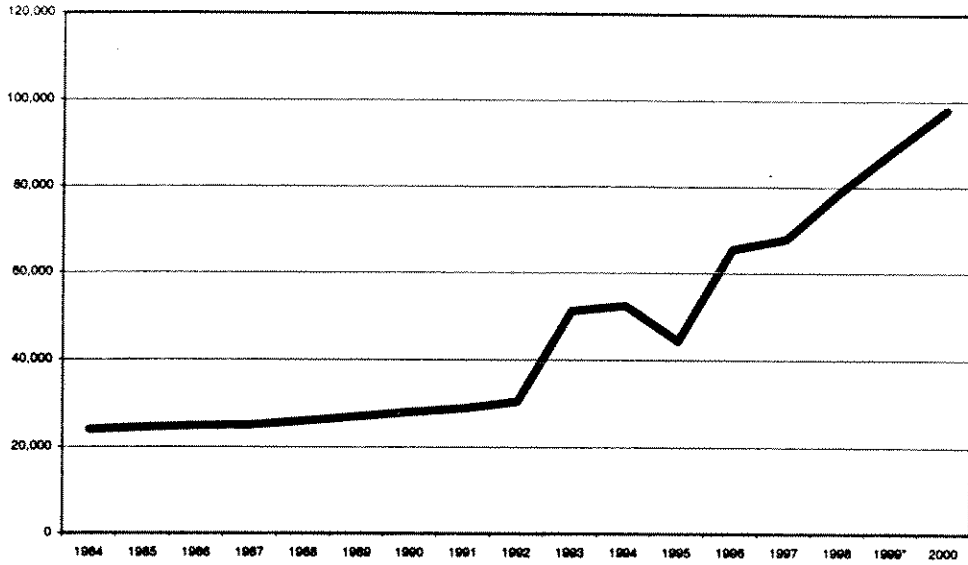


Source: Tourism Whistler.

Similarly, there has been a significant increase in the number of golf rounds played as shown in Exhibit II-3.

**Exhibit II-3**  
**Whistler Resort – golf rounds played, 1984 to 2000**

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*Source: Resort Municipality of Whistler, Various Golf Courses.*

*Note: \*1999 rounds are estimated.*

The total number of visitors to Whistler has grown to surpass two million annually. Exhibit II-4 displays the number of visitors by type from 1996-2000.

**Exhibit II-4  
Resort visitors by type – 1996 to 2000**

	Day Only	Second Home	Visiting Friends	Paid Accommodation	Total
1996	380,948	47,510	94,104	937,366	1,459,927
1997	506,476	68,685	112,642	1,008,271	1,696,075
1998	541,649	66,181	168,303	1,174,412	1,950,545
1999	914,397	78,052	156,232	1,175,377	2,324,058
2000	597,574	62,581	138,658	1,270,918	2,069,730

*Source: Tourism Whistler.*

The number of visitors utilizing paid accommodation has increased every year. In 1999, Whistler welcomed a record 2.3 million visitors declining to 2.1 million in 2000. The primary reason for the significant increase in visitation in 1999 and subsequent decrease in 2000 is the number of day visitors. Weather-related factors influenced day visitors in 1999 including a record amount of snowfall in the 1999/2000 season. Unfortunately, the relatively high precipitation continued through the 2000 summer season, resulting in a decrease in day-only visitation.

Whistler attracts a significant amount of visitation from outside the Province of British Columbia. Exhibit II-5 displays the geographic origin of hotel guests at Whistler in the year ended December 31, 2000.

**Exhibit II-5**  
**Geographic origin of hotel guests – 2000**

	<u>Occupied Room Nights</u>	
British Columbia	328,202	32.1%
Other Canada	135,218	13.2%
United States	358,575	35.1%
Europe	103,402	10.1%
Asia/Pacific	82,183	8.0%
Other International	<u>14,519</u>	<u>1.4%</u>
Total Non-B.C.	693,898	67.9%
Total	<u>1,022,100</u>	<u>100.0%</u>

Source: *Tourism Whistler, KPMG.*

### **III. Methodology**

Whistler is a unique community in British Columbia. Arguably, without the presence of Whistler and the associated tourist visitation, minimal economic activity would take place in the area. As a result, we have based our estimation of economic impact on tourist spending.

#### **A. Definition of economic impacts**

Economic impacts are characterized by the employment and value-added accruing to the residents of a geographic region under study. Employment impacts are measured in terms of full-year equivalent positions for ongoing employment (i.e., employment impacts associated with annual expenditures). Full-year equivalent positions are counted according to their duration and not according to whether they were full-time or part-time. Accordingly, an individual who is permanently employed for the entire year in a part-time capacity (e.g., hotel service staff) represents one full-year equivalent position or job.

Value-added is one of the most commonly used indicators of economic activity and it measures economic value created through the production of goods and services. For example, an industry's value-added is the difference between the value of its sales and the cost of its purchases from suppliers. The total value-added produced in a country is known as Gross Domestic Product ("GDP"). Value-added is measured in dollars.

For the purpose of this study, we have isolated a component of value-added — government revenues — and have reported it separately. Readers should keep in mind that these impacts are not additive (i.e., government revenues are a component of value-added).

In this study, government revenues comprise selected municipal, provincial, and federal government revenues as follows:

- Municipal government revenues comprise the municipal share of personal and business property taxes, as well as building permits, the hotel tax, and other payments to municipalities.
- Provincial government revenues comprise the provincial share of personal and business property taxes; the provincial share of corporate and personal income taxes; the property transfer tax; consumption taxes such as provincial sales tax ("PST") and provincial tax on gasoline; liquor licence permits; and employer and employee contributions to workers' compensation.
- Federal government revenues comprise the federal share of corporate and personal income tax; federal excise taxes, duties and Goods and Services Tax ("GST"); and employer and employee contributions to Employment Insurance and the Canada Pension Plan.

## **1. Direct and indirect impacts**

Our analysis considers Whistler from the perspective of tourist spending and estimates both direct impacts (i.e., Whistler employment and the value-added and government revenues generated by Whistler and its employees) and indirect impacts (the employment, value-added, and government revenues generated by suppliers to Whistler).

For example, the direct employment impact consists of the full-time and part-time employees of Whistler. The indirect employment impact consists of the workers employed by the suppliers of Whistler.

Indirect impacts represent the effect of the second and subsequent rounds of expenditure by suppliers to Whistler. Suppliers to Whistler generate demand for labour and goods and services produced by other industries, and earn business income. This pattern of expenditure flow continues in the economy and goods and services purchased in the first round ultimately become labour income, business income, and government income, or "leak" out of the economy as imports. The sum of labour income, business income, and government income constitutes value-added.

## **B. Methodology for impact calculation**

We have applied standard economic impact methodologies to develop estimates of direct and indirect Whistler and Province of British Columbia employment, value-added, and selected government revenues.

### **1. Economic Multipliers**

We have used the economic multipliers generated by the Conference Board of Canada's TEAM Model to translate tourist spending data into estimates of economic impact. The economic multipliers generated by the Conference Board of Canada's TEAM Model constitute the most widely recognized tool in Canada for the development of economic impact assessments at the sub-provincial level. Impacts are determined separately at the level of Whistler and the Province of British Columbia.

The approach of our economic impact study is based on established input-output ("I-O") techniques. TEAM Model I-O economic multipliers involve the use of coefficients that are based on economic or business linkages and that trace how capital, operating, or tourist expenditures filter through the economy. The coefficients applied are then used to quantify how economic activity in a particular region generates direct and indirect employment, wages and salaries, selected government revenues, value-added, etc.

### **2. Employment Cap**

We have capped the Conference Board of Canada's TEAM Model estimates of employment generated at Whistler by tourist expenditures. Based on employment survey data provided by the Whistler Housing Authority as at September 2000, we have capped direct and indirect employment at Whistler at 14,200 employees. This cap is for modelling purposes only and is not meant to reflect future employment levels at Whistler.

## **C. Timing**

The tourism spending projections and economic impacts contained in this report address the twelve-month period ended December 31, 2000.

## **D. Estimate of tourist spending**

Tourism spending was estimated in ten categories:

### **1. Lodging**

Included in this category is tourist spending on lodging at hotels and other commercial accommodation establishments. Lodging spending was calculated using average rates and occupied room nights provided by Tourism Whistler. In addition to the occupied room nights displayed in Exhibit II-1 we have made an allowance for an additional 1,000 available rooms not tracked by Tourism Whistler. Based on Tourism Whistler estimates, we have estimated the additional rooms to operate at 75% of the market occupancy and 100% of the market average daily rate.

Tourists visiting for the day or staying with friends and relatives are captured in other spending categories, as are owners of cabins in Whistler.

### **2. Food and beverage**

This category includes tourist spending at foodservice facilities in Whistler, including spending at restaurants, bars, fast food establishments and foodservices at recreation facilities.

Tourism spending on food and beverage was estimated as follows:

- Actual 2000 food and beverage revenues collected from tourism operators at Whistler.
- Food and beverage spending at hotels was estimated using a percentage of room revenues. Our estimate is based on a sample of hotel operating data collected by

KPMG as part of a study of the Canadian accommodation industry completed in 2001.

- Spending at restaurants, pubs and taverns (not included in the above) was calculated on a sales per seat basis utilizing number of seat information provided by RMOW and spending per seat figures for British Columbia provided by the Canadian Restaurant and Foodservices Association ("CRFA") with a premium applied to reflect the relatively high menu pricing at Whistler.
- Spending at Whistler's fast food establishments (not included in the above) was calculated by estimating average revenues at such establishments based on Foodservice and Hospitality's Top 100 Report 2000 and the actual number of establishments (taken from the RMOW's business licences). Again, a premium was applied to reflect the level of business and pricing structure at Whistler.

### **3. Recreation and entertainment**

Actual revenues for 2000 were collected from major Whistler tourism operators including Whistler/Blackcomb and the four golf courses. These actual revenues were used as a base to project total recreation and entertainment spending.

### **4. Retail**

Tourist spending on retail was calculated using actual revenues from several tourism operators and estimating revenues on a sales per square foot basis for the remaining retail establishments at Whistler.

### **5. Grocery**

Tourist spending on groceries includes all retail food and beverage expenditures (i.e., expenditures other than at commercial foodservice establishments). Our estimate is based on Tourism Whistler visitor survey data, although expenditures on groceries are only tracked by Tourism Whistler in the winter (skier/snowboarder) survey. As a result, we have adjusted this estimate to include summer season expenditures.

## **6. Transportation – local**

Our estimate is based on fiscal year ending March 31, 2000 results for B.C. Transit and on B.C. Transit estimates for the percentage of riders that are tourist or weekend visitors to Whistler.

## **7. Transportation – public**

Public transportation includes tourist expenditures on public transportation (e.g., train, bus, limo) to and from Whistler. Our estimate is based on mode of transportation data collected in the Tourism Whistler visitor survey and average pricing data collected from various public transportation operators.

## **8. Private transportation – rental**

Rental transportation includes charges for rental cars. Tourist expenditure estimates were calculated using mode of transportation, average party size and length of stay data from the Tourism Whistler survey and average rental rates of the major car rental companies.

## **9. Private transportation – operation**

Private transportation – operation expenditures include gas, repairs and maintenance and parking charges for both private vehicles and rental vehicles. Our estimate is calculated assuming the average distance travelled is 212 km (the distance from Vancouver to Whistler return), average mileage from the United States Environmental Protection Agency (EPA), and repair and maintenance data from the American Automobile Association (AAA) and average gas prices for British Columbia in 2000. Expenditures in this category are not necessarily made at Whistler, but are included as a result of travel to and from Whistler.

## **10. Second family home maintenance and repair expenses**

Many of the residences in Whistler are considered to be second family homes (not the primary residence of the owners). We believe that expenditures for those who “cabin” at Whistler should be included in the study. Visitors utilizing second family homes

have been accounted for in the nine expense categories above. The number of second family homes in Whistler was estimated based on residential occurrences in the RMOW property tax base, the population and average household size.

To estimate the maintenance and repair expenditures on second family homes, we relied on information provided by RMOW. It was estimated that an average of \$4,500 is spent annually on maintenance and repairs of second family homes in Whistler.

### **11. "Outside Whistler" spending**

Many visitors to British Columbia travel specifically to visit Whistler, although generating spending elsewhere in the province along the way. Spending "outside Whistler" was calculated based on spending data collected by Tourism Vancouver and B.C. Stats. We excluded B.C. and Washington-based visitors to Whistler from our "outside Whistler" calculations as we determined most of their expenditures would be confined to the Whistler area.

The "outside Whistler" spending estimates were used as inputs to the TEAM model designed by the Canadian Tourism Research Institute for Tourism Vancouver. We believe the majority of "outside Whistler" tourism spending takes place in the Greater Vancouver Area.

## IV. Whistler Resort's Economic Contribution

This chapter addresses the total tourism spending at Whistler and quantifies the associated economic impacts.

### A. Estimate of tourism spending

KPMG's tourist spending estimate for visitors to Whistler is \$1.035 billion for the calendar year 2000. (The \$1.035 billion includes \$114.0 million we estimated is spent outside of Whistler by visitors whose primary reason to visit British Columbia was to visit Whistler). By comparison, total tourism revenue for British Columbia in 2000 was \$9.474 billion.<sup>1</sup> Therefore Whistler accounts for 10.9% of total tourism revenue in British Columbia. Expenditure estimates for each of the ten categories are displayed in Exhibit IV-1.

#### Exhibit IV-1 Whistler Resort – tourist spending estimates, 2000 (\$ millions)

Lodging	233.45
Food and Beverage	277.84
Recreation and Entertainment	140.91
Retail	125.14
Grocery	62.50
Transportation – Local	0.76
Transportation – Public	31.92
Private Transportation – Rental	18.02
Private Transportation – Operation	9.12
Second Family Home Expense	21.39
"Outside Whistler" Tourism Spending	<u>113.98</u>
Total Tourist Spending	<u>1,035.03</u>

Source: KPMG estimates.

<sup>1</sup> Tourism B.C.

## B. Employment

Exhibit IV-2 shows the breakdown of employment — and salaries and wages paid — on both a direct and indirect basis.

Based on the tourism spending estimates summarized in Exhibit IV-1, visitors to Whistler are estimated to have supported 21,470 full-year equivalent jobs in 2000 – 15,601 on a direct basis. By comparison, B.C. Stats estimates that the B.C. tourism industry supported 111,890 jobs in 2000 on a direct basis indicating Whistler supports 13.9% of the province's direct tourism employment.

Total wages and salaries paid, directly and indirectly, are estimated at \$529.0 million in 2000.

### Exhibit IV-2 Whistler Resort – employment impacts and salaries and wages 2000

	Whistler Total Impact	Whistler	Rest of B.C.
<u>Employment (full-year equivalents)</u>			
Direct Impact	15,601	13,203	2,398
Indirect Impact	<u>5,869</u>	<u>997</u>	<u>4,872</u>
Total	<u>21,470</u>	<u>14,200</u>	<u>7,270</u>
<u>Salaries &amp; Wages Paid (\$ millions)</u>			
Direct Impact	321.4	268.7	52.7
Indirect Impact	<u>207.6</u>	<u>32.0</u>	<u>175.6</u>
Total	<u>529.0</u>	<u>300.7</u>	<u>228.3</u>

Source: KPMG estimates based on Conference Board modelling of Whistler.

As indicated in Exhibit IV-2, of the 21,470 full-year equivalent employees supported by Whistler, 14,200 full-year equivalent employees are employed in Whistler with the remainder throughout the Province of British Columbia. The full-year equivalent estimate reflects the full-time, part-time and seasonal employment patterns at the Whistler Resort.

### C. Value-added

Based on the tourism spending estimates summarized in Exhibit IV-1, the total direct and indirect value-added generated by Whistler is expected to be \$795.6 million in British Columbia. Of the \$795.6 million in value-added, \$473.7 million is generated on a direct basis and \$321.9 million is generated on an indirect basis. Exhibit IV-3 displays the breakdown of the value-added calculation. By comparison, Tourism British Columbia estimates the 2000 total direct value-added generated by the tourism industry in the province is \$4.5 billion.

**Exhibit IV-3**  
**Whistler Resort – value-added, 2000 (\$millions)**

	Whistler Total Impact	Whistler	Rest of B.C.
Direct Impact	473.7	404.0	69.7
Indirect Impact	<u>321.9</u>	<u>42.5</u>	<u>279.4</u>
Total	<u>795.6</u>	<u>446.5</u>	<u>349.1</u>

*Source: KPMG estimates based on Conference Board modelling of Whistler.*

Approximately 56.1% of the value-added is estimated to occur at Whistler, with the remaining 43.9% occurring in the remainder of the Province. Value-added is the most appropriate indicator of economic impact. An industry's value-added is the difference between the value of its sales and the cost of its purchases of inputs from suppliers.

Unlike "industry output", another approach sometimes used in quantifying the scale of a given industry "value-added" contains no double counting.

Industry output resulting from tourism spending is defined as the total sales of all the industries that participate in, and supply, the Whistler tourism industry. Based on TEAM Model I-O industry output multipliers, the total B.C. direct and indirect value-added of \$795.6 million translates into approximately \$1.6 billion in total B.C. industry output (recall that these impacts flow from tourist spending of approximately \$1.03 billion). Tourism Vancouver reports an industry output of \$7.4 billion from tourist spending of \$3.5 billion. The higher multiplier for Vancouver versus Whistler is explained by the self-reliant nature of the Whistler economy (i.e., in Whistler, the

same businesses that supply the tourism industry also supply the needs of Whistler residents — and Whistler residents are part of the tourism industry).

Using industry output as an indicator of economic impact can be misleading because the industry output measure contains elements of double counting; indeed, some output may be counted several times. A commonly used economic metaphor to illustrate the concept of industry output and double counting is the example of the production of bread. In the production of bread, industry output includes the value of the total bread-related sales of wheat farmers, flourmills, and bakers. In this example, industry output counts the value of the wheat three times, the value of the milled flour two times, and the value of the bread once.

The less vertical integration that exists in the economy, the more industry output exceeds value-added. In addition, overall value-added in the economy is generally lower than the initial value of tourism spending because of imports. Imports from outside B.C. constitute “leakages” from B.C. value-added.

#### **D. Government revenues**

The tourism spending estimates summarized in Exhibit IV-1 are expected to generate significant direct and indirect revenues for the three levels of government. Annual direct and indirect selected government revenues are summarized in Exhibit IV-4.

**Exhibit IV-4  
Whistler Resort – direct and indirect selected government  
revenues, 2000 (\$millions)**

	Whistler Total		
	Impact	Whistler	Rest of B.C.
Personal Income Tax	83.9	38.2	45.7
Corporate Income Tax	39.6	15.1	24.4
Property Transfer Tax	10.1	10.1	n/a
Hotel Tax	4.7	4.7	n/a
Social Security, Pension & Medical	58.3	36.6	21.7
Excise, Duties and Gas	7.5	3.4	4.1
Property Tax (Personal)	30.1	23.3	6.9
Property Tax (Business)	26.4	14.7	11.7
GST	60.7	53.5	7.2
PST	<u>55.2</u>	<u>46.6</u>	<u>8.6</u>
Total	<u>376.4</u>	<u>246.2</u>	<u>130.2</u>
Federal	167.9	106.4	61.5
Provincial	175.6	117.8	57.7
Municipal	<u>32.9</u>	<u>22.0</u>	<u>10.9</u>
Total	<u>376.4</u>	<u>246.2</u>	<u>130.2</u>

Source: Canadian Tourism Research Institute TEAM model and KPMG analysis.

Notes: Figures are for government revenues generated in British Columbia. "n/a" means "not applicable". Property Transfer Tax revenues are only recorded for Whistler.

The municipal government revenues shown in Exhibit IV-4 comprise the municipal share of personal and business property taxes, as well as building permits. A tax of ten percent is charged on hotel rooms. Two percent of this tax is retained by RMOW for tourism-based activities – shown separately "Hotel Tax", the remaining 8% is included in Provincial Sales Tax ("PST") revenues. Provincial government revenues comprise the provincial share of personal and business property taxes; the provincial share of corporate and personal income taxes; the property transfer tax; consumption taxes such as provincial sales tax ("PST") and provincial tax on gasoline; liquor licence permits; and employer and employee contributions to workers' compensation.

Federal government revenues comprise the federal share of corporate and personal income tax; federal excise taxes, duties and Goods and Services Tax ("GST"); and

employer and employee contributions to Employment Insurance and the Canada Pension Plan.

## **E. Conclusion**

Visitors to Whistler spent \$1.035 billion in 2000, generating significant economic impact at both the local and provincial (in addition to federal) level. The three key indicators of Whistler's economic significance are summarized below:

- **Value added**—Whistler produced about \$796 million in value added in 2000. The use of “value added” as a means to quantify the significance of visitor spending at Whistler instead of “industry output”, provides an unduplicated (i.e., more conservative) estimate of economic activity
- **Employment**—Whistler supported 21,470 full-year equivalent jobs in 2000, generating some \$529.0 million in wages and salaries.
- **Government revenue**—spending by visitors to Whistler generated \$376.4 million in government revenue, with the provincial government the leading beneficiary with almost \$176 million. The municipal government received less than 10% of total government revenues.

Tourism spending by Whistler visitors generates a substantial component of the province's tourism industry value added.

## V. Additional Observations

Whistler is a unique community where a population of 9,600 supports annual tourist visitation of over two million. In addition to the tangible, quantifiable economic impacts described in the previous chapter, Whistler provides a host of less tangible benefits to British Columbia and Canada.

### A. Visitor market profile and growth

Tourism in Whistler is growing at a much faster rate than the Province as a whole. Room revenue at Whistler increased 168.1% between 1993 and 1999 while room revenue for the Province grew 67.3% over the same period. Similarly, tourist visitation to Whistler grew 53.3% from 1996 to 1999 while visitation to British Columbia grew 5.1% over the same period.

#### Exhibit V-1 Whistler's contribution to B.C. tourism, 1993 - 1999

	1993	1994	1995	1996	1997	1998	1999
<u>Room Revenue (\$ millions)</u>							
B.C. Total	794.1	898.5	999.4	1,093.5	1,157.6	1,206.1	1,328.9
Whistler Total	61.5	71.5	86.5	97.5	108.6	130.7	164.9
B.C. Growth	6.4%	13.1%	11.2%	9.4%	5.9%	4.2%	10.2%
Whistler Growth	(0.2%)	16.2%	21.0%	12.7%	11.4%	20.3%	26.2%
<u>Visitation - (000s)</u>							
B.C.	18,550	19,546	20,729	21,179	21,319	21,770	22,258
Whistler				1,460	1,696	1,951	2,234
B.C. Growth	1.7%	5.4%	6.1%	2.2%	0.7%	2.1%	2.2%
Whistler Growth					16.2%	15.0%	14.5%

Source: *Tourism Whistler, B.C. Stats, Tourism B.C., KPMG.*

Whistler attracts a significant amount of visitation from outside the Province of British Columbia. From 1993 to 2000 the number of occupied room nights in Whistler by visitors to the Province of British Columbia increased 107.1%, to 693,898 while occupied room nights from British Columbia residents increased 63.8% over the same period. In 1993, visitors from outside British Columbia accounted for 334,970 occupied room nights at Whistler (62.6% of the total), by 2000 they accounted for 693,898 (67.9% of the total). Further, out of province visitors are more prevalent in the winter season when hotel rates are relatively high. Exhibit V-2 shows the growth in occupied room nights by type

**Exhibit V-2  
Geographic origin of hotel occupied room nights, 1993 – 2000**

	1993	1994	1995	1996	1997	1998	1999	2000
British Columbia	200,331	234,870	213,293	242,632	269,938	273,330	283,509	328,202
% Change	n/a	17.2%	-9.2%	13.8%	11.3%	1.3%	3.7%	15.8%
Other Canada	86,152	80,861	80,680	86,053	94,390	115,667	115,474	135,218
% Change	n/a	-6.1%	-0.2%	6.7%	9.7%	22.5%	-0.2%	17.1%
United States	150,764	159,709	189,129	199,667	191,095	289,130	364,348	358,575
% Change	n/a	5.9%	18.4%	5.6%	-4.3%	51.3%	26.0%	-1.6%
Europe	17,915	32,339	48,479	58,367	71,707	87,818	91,229	103,402
% Change	n/a	80.5%	49.9%	20.4%	22.9%	22.5%	3.9%	13.3%
Asia/Pacific	79,463	78,571	83,576	75,387	80,552	63,494	62,194	82,183
% Change	n/a	-1.1%	6.4%	-9.8%	6.9%	-21.2%	-2.0%	32.1%
Other International	676	1,939	2,383	2,273	3,746	6,532	12,008	14,519
% Change	n/a	186.9%	22.9%	-4.6%	64.8%	74.4%	83.8%	20.9%
Total Non-B.C.	334,970	353,419	404,247	421,747	441,490	562,641	645,252	693,898
% Change	n/a	5.5%	14.4%	4.3%	4.7%	27.4%	14.7%	7.5%
Total	535,301	588,289	617,540	664,379	711,428	835,970	928,761	1,022,100
% Change	n/a	9.9%	5.0%	7.6%	7.1%	17.5%	11.1%	10.0%

Source: Tourism Whistler, KPMG.

International tourists from the United States and Europe are growing at a considerably higher rate at Whistler than for the province as a whole, as displayed in Exhibit V-3.

**Exhibit V-3  
Growth in international visitor entries to British Columbia versus occupied room nights at Whistler – 1994 to 1999**

	1993/94	1995	1996	1997	1998	1999	Total*
<u>Visitors from United States</u>							
<u>to:</u>							
Canada (B.C.)	8.6%	6.6%	2.3%	7.2%	11.1%	4.8%	48.0%
Whistler (Occupied Rooms)	5.9%	18.4%	5.6%	-4.3%	51.3%	26.0%	141.7%
<u>Visitors from Europe to:</u>							
Canada (B.C.)	13.6%	11.7%	11.6%	-3.9%	0.1%	7.8%	47.0%
Whistler (Occupied Rooms)	80.5%	49.9%	20.4%	22.9%	22.5%	3.9%	409.2%

Source: *Tourism Whistler, Statistics Canada International Travel, Tourism B.C., KPMG.*

Note: \*Total growth 1993 – 1999.

Whistler is capturing a proportionately higher share of U.S. and International visitors to British Columbia. Visitors from outside Canada generally stay longer and spend more than domestic tourists.

**B. Estimate of other spending related to Whistler**

Primarily due to the relatively high property values in RMOW as well as the success of Whistler as a world-class destination resort, the community makes several other economic contributions to the Province. We discuss these other economic contributions, in turn, below.

**1. School Tax**

In 2000, the RMOW collected \$18.6 million in the school district component of property taxes, and is expected to collect \$21.3 million in 2001. The 2001/2002

budget for School Board #48 Howe Sound (which includes Whistler, Pemberton and Squamish) is \$31.6 million. Accordingly, the RMOW collects approximately 67.5% of the School Board's budget. For comparison purposes, the RMOW's population of 9,600 represents 26.5% of the Squamish-Lillooet Regional District's<sup>2</sup> population of 36,200. Based on 1996 Census data, we estimate that RMOW has approximately 1,536 persons under the age of 19. Therefore Whistler contributes a disproportionate share of district school taxes.

## **2. Hospital**

In 2000, the RMOW collected \$1.1 million in the hospital component of property taxes, and is expected to collect \$1.3 million in 2001. The 2001 budgets for the Squamish-Lillooet Regional Hospital District and the Sea to Sky Regional Hospital District are \$1.0 million and \$376,379, respectively. Accordingly, the RMOW collects approximately 94.5% of the budgeted amounts for the two regional hospital districts.

## **3. Property transfer tax**

According to the British Columbia Assessment Authority, 1,557 real estate transactions took place in Whistler in 2000 totalling \$651.5 million (the average transaction was \$418,446). The Property Transfer Tax generated in Whistler was approximately \$10.1 million. In comparison, the Property Transfer Tax collected in British Columbia in 1999/2000 was \$245 million<sup>3</sup>, indicating that Whistler accounts for 4.1% of this revenue stream to the Provincial Government. By comparison, Whistler accounts for 0.2% of the British Columbia population and 0.6% of provincial housing units.

The Property Transfer Tax collected in the Province of British Columbia declined 21.0% from \$310 million in 1997/1998 to \$245 million in 1999/2000. Although figures are not available, due to both the increasing property values and the amount

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<sup>2</sup> Squamish-Lillooet Regional District includes the communities of Squamish, Pemberton, Lillooet, Gold Bridge, Bralorne, Pavilion, Texas Creek, Seton Portage D'arcy, Birken, Pinecrest/Black Tusk Village, Upper Squamish, Ring Creek, Furry Creek, Britannia, Porteau Cove and Whistler

<sup>3</sup> British Columbia Ministry of Finance and Corporate Relations.

of new residential construction, the Property Transfer Tax collected in Whistler is assumed to have grown significantly over the same period.

### **C. Sales and Marketing**

Tourism Whistler spends approximately \$6.1 million annually marketing Whistler. Intra-west, many of the major accommodation operators and other tourism businesses also have significant marketing budgets. A large proportion of these marketing expenditures are focused outside the Province. The marketing effort likely increases visitation to the Province outside Whistler through tourists extending their vacation (pre or post visiting Whistler) or through a return to British Columbia after initial exposure to the area.

Whistler hotels have a considerable marketing budget. Based on industry-accepted ratios, these marketing expenditures are conservatively estimated at \$9.3 million (4% of rooms revenue). Many of the major hotels at Whistler are branded as part of major international hotel chains and as such, Whistler benefits from the corporate sales and marketing efforts for incentive and conference/convention travel as well as to leisure travellers. Also, chains market their top resort properties to their loyalty program members as a possible reward travel option.

### **D. Meetings and Conventions**

As a result of direct selling to convention groups, several high-profile groups have visited British Columbia including:

- The Canadian Ophthalmological Society
- The International Congress on Schizophrenia Research
- Pacific Northwest Economic Region Summit

## E. International Exposure

The success of Whistler has resulted in a great deal of positive publicity for Whistler and the province. Exhibit V-4 displays some of the awards won by Whistler.

### Exhibit V-4 Awards won by Whistler

Publication	Award(s)
Snowboard Life Magazine	Number One Snowboard Resort in North America 2000
Skiing Magazine	Number One Ski Resort in North America 1996, 1998, 1999 and 2000
SKI Magazine	Number One Ski Resort in North America (Reader's Survey) 1995, 1996 and 1999
Mountain Sports and Living	Number One Ski Resort in North America 1992 through 1998 inclusive
Conde Nast Traveler	The Top Three North American Ski Resort Hotels were the Westin Resort & Spa, Fairmont Chateau Whistler Resort and Pan Pacific Lodge
Good Skiing & Snowboarding Guide	North American Ski Resort of the Year 2000
Daily Telegraph (United Kingdom)	Best Ski Resort 2000

Source: *Tourism Whistler, Ski Canada*

Whistler/Blackcomb has hosted several international competitions and events that also have resulted in considerable exposure for Whistler and the Province. Whistler's mountains have hosted several World Cup alpine skiing, snowboarding and freestyle skiing events. In the 2001/2002 season Whistler/Blackcomb will host World Cup snowboarding and freestyle skiing competitions.

Whistler's awards and international events have resulted in a significant amount of print, television and radio coverage. The effect that any one media story or event broadcast may have on influencing perceptions of Whistler and British Columbia is difficult to quantify. However, we believe that media coverage influences viewers' and readers' opinions about visiting the area.

To a large extent, the intangible impacts associated with the various World Cup Events were brought about by media coverage of the events. Media coverage changes awareness and perceptions; changed awareness and perceptions may lead to changes in behaviour. Tourism Whistler has calculated \$9.5 million (US dollars) of media coverage on Whistler for January through September 2001.

A reader or a viewer in a distant locale may learn about Whistler and British Columbia through media coverage of the World Cup Events. (Such coverage has the advantage of being perceived as more credible than similar amounts of advertising). The resulting changed awareness and perceptions may contribute to a decision to visit Whistler and/or British Columbia at a later date.

## **F. Conclusion**

Whistler's modest population base is in no way representative of the community's significance to British Columbia's tourism industry or economy. In addition to the quantifiable value added, employment and government revenues generated by visitors to Whistler, Whistler creates several other tangible and less tangible benefits.

The progressively more international mix of visitors (as measured by geographic origin of hotel guests) demonstrates the international profile of Whistler. Increasingly, British Columbia residents are becoming a smaller proportion of visitors (although still increasing in absolute numbers), with Whistler playing an important role in growing non-resident visitors to the province. In addition to the mix of visitors, Whistler has also demonstrated a capacity to grow total visitation faster than the province as a whole.

Whistler's international marketing activities are substantial, and the success is evidenced by visitor numbers. Marketing expenditures by each of Tourism Whistler and Whistler/Blackcomb exceed \$6 million annually. Further, the presence of several internationally-branded hotels in Whistler, and their considerable marketing/sales budgets, supports Whistler's business and leisure marketing initiatives and indirectly benefits British Columbia tourism marketing efforts.

In addition to the profile Whistler affords British Columbia's international tourism marketing efforts, visitor-based economic activity creates several tangible financial benefits, specifically:

- School and hospital taxes—the RMOW generates two thirds of the Squamish-Lillooet Regional District's school taxes while having only one quarter of the population. As with the school component, the RMOW collects a disproportionate share—about 95%—of the hospital districts operating budgets.
- Property transfer tax—Whistler's 1,557 real estate transactions in 2000 produced about \$10 million in property transfer tax for the province—about 4% of total property transfer tax revenue despite having about half of one percent of the housing stock.

The benefit of such intangibles as international event marketing (e.g. World Cup), public relations (e.g., listing in major ski and leisure magazines) and high profile international residents should also be taken into account when assessing the value of Whistler to the province.

## VI. Conclusion

Whistler is one of British Columbia's most significant self-contained tourist destinations. Its ski and golf facilities have international significance, having been ranked among the very best in North America.

With annual visitation of more than 2 million, only Vancouver and Victoria surpass Whistler in drawing visitation to British Columbia. A profile of Whistler visitors indicates a substantial day visitor base (about 30% in 2000), which would be expected at a ski destination, but also a very significant number of overnight visitors. Only 30% of overnight visitors staying in commercial accommodation are residents of British Columbia (although the number of British Columbia residents visiting Whistler is still increasing on an absolute basis), with Americans representing more than half of the remaining 60%. Whistler overnight visitors pay among the highest room rates in Canada (including major urban centres), demonstrating the high-yield nature of Whistler visitors.

Visitors to Whistler spent \$1.035 billion in 2000, generating significant economic impact at both the local and provincial (in addition to federal) level. The three key indicators of Whistler's economic significance are summarized below:

- Value added—Whistler produced about \$796 million in value added in 2000. The use of "value added" as a means to quantify the significance of visitor spending at Whistler instead of "industry output", provides an unduplicated (i.e., more conservative) estimate of economic activity.
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Tourism spending by Whistler visitors generates a substantial component of the province's tourism industry value added.

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