

Imagine the perfect place



for business and lifestyle

IMAGINE YOUR BUSINESS IN PENTICTON ✦

PENTICTON ECONOMIC PROFILE



PHYSICAL CHARACTERISTICS

British Columbia is Canada’s westernmost province covering 952,263 square kilometres (364,764 square miles). It borders the Pacific Ocean to the west and the US border to the south. The land is exceptionally rich with natural resources. Nestled in the Okanagan Valley of the interior of British Columbia, Penticton is one of Canada’s most liveable and beautiful cities.

The City of Penticton, with a population of 32,933 (Greater Penticton 82,436), is famous for its long, hot summers and short, mild winters. Penticton is situated between two fresh water lakes and gentle rolling mountains that provide a majestic view from any location in the city.

These factors contribute to the superb quality of life Penticton can provide. It offers all the convenient amenities of larger urban centres, yet maintains the tranquil allure of a smaller community. It is a great place to work, live and invest in a new or existing business.

LOCAL HISTORY

The name Penticton is believed to come from the name of one of the main villages of the Okanagan First Nations people, located on the east bank of Okanagan River, “Sn’Pinktn”, meaning “a place to live forever.”

The local First Nations community, the Penticton Indian Band, shares a positive relationship with the City of Penticton and the Penticton Economic Development office. This collaboration fosters sustainable economic growth and partnerships that benefits the whole region.

GOVERNMENT

Canada is an independent sovereign democracy and a federal state, with 10 largely self-governing provinces and three territories administered by the central government.

The Province of British Columbia has a legislative assembly that transacts its business in much the same way as the House of Commons. Municipal governments—cities, towns, villages, counties, districts, and metropolitan regions—are set up by the provincial legislature. Mayors, Reeves and councillors are elected on a basis that the provincial legislature prescribes.

Penticton falls within the jurisdiction of the Regional District of Okanagan-Similkameen (RDOS), which also includes Summerland, Princeton, Keremeos, Osoyoos, and Oliver.

The Penticton Economic Development office works with the City of Penticton, Penticton and Wine Country Tourism and Chamber, and the Penticton Indian Band to implement strategies that strengthen the local economy.



Penticton Mayor Dan Ashton and Penticton Indian Band Chief Jonathan Kruger

In 2009, the City of Penticton along with Penticton Economic Development Services, released new economic incentives for the manufacturing industry, hotels and the Penticton downtown core.

BUSINESS CLIMATE

CANADA

- Despite a turbulent global economy, Canada's economic performance and business climate is strong.
- Canada's strong fiscal position provides an opportunity that few other countries have—to make broad-based tax reductions that will strengthen the economy, stimulate investment and create more and better jobs.
- The Government is taking bold new steps to build a better Canada, reducing taxes further, and ushering in a new era for Canadian business taxation, while further reducing the federal debt. (<http://www.fin.gc.ca/ec2007/ec/ecclintro-eng.asp>)
- Canada will have the lowest tax rate on new business investment in the G7 by 2011, and the lowest statutory tax rate in the G7 by 2012.
- Through Canada's Economic Action Plan, the federal government is making it easier for businesses to obtain credit during this period of economic uncertainty. Under the Business Credit Availability Program, two financial Crown corporations—Export Development Canada (EDC) and the Business Development Bank of Canada (BDC)—will work with private sector financial institutions to provide loans and other forms of credit support to creditworthy businesses. (www.actionplan.gc.ca)
- The Canadian labour market is strong, with unemployment at the lowest rate for 33 years.

BRITISH COLUMBIA

British Columbia's business climate is among the most favourable in Canada. The BC government has a strong track record of sound fiscal management.

**BUSINESS TAX RATES IN BRITISH COLUMBIA
ARE AMONG THE LOWEST IN NORTH AMERICA**

THE OKANAGAN

The area has long been famous for its lush fruit orchards, and in recent years has become known as the "Napa Valley of the north" for its high quality vineyards and premium vintages. The wine industry is a major source of revenue and the industry experiences increases in investment annually. Many of the region's orchards have been turned into vineyards and the wine industry is rapidly growing. The industry is investing heavily in the area and has added much to the agriculture and tourism sectors.

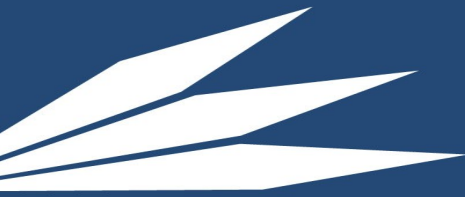


CITY OF PENTICTON

The City of Penticton occupies an area of approximately 44.5 kilometres and is located in the south portion of the Okanagan valley, within the Regional District of the Okanagan-Similkameen (RDOS).

The economic base includes tourism, technology, and service industries. Solid growth in manufacturing continues to enhance the economic environment, and to create a diverse yet stable economic base. The largest growth in new jobs over the past ten years has been in construction, services, and value added industries.

Penticton Economic Development Services (www.ImaginePenticton.ca) is dedicated to maintaining its present economic diversity and stability by encouraging and providing an environment which is conducive to private sector employment. Penticton Economic Development Services is committed to making Penticton the best place for businesses, investors, and residents to work and live today, while planning for an even brighter future.



BUSINESS FORMATIONS IN PENTICTON

Year	No. of Incorporations	Year	No. of Incorporations
1997	163	2003	146
1998	125	2004	189
1999	127	2005	224
2000	131	2006	247
2001	109	2007	265
2002	126	2008	215

Source: BC Stats, Penticton Community Facts

DEMOGRAPHICS

British Columbia’s population is the third fastest growing in Canada. Statistics Canada estimates BC’s 2009 population at 4,435,344 with an expectation to reach 5,765,600 by 2030. The population increased 5.3 percent between 2001 and 2006. The growth was due almost entirely to immigration. More than three quarters (77%) of immigrants to BC between 1996–2001 were from Asia, followed by Europe (12%) and North and Central America (4%).

The population of Penticton is 43,300; the population within a thirty-minute commute is 85,000. The rapid growth which occurred in the mid-1990s has tempered to a more manageable, slow but steady increase. It is anticipated that growth will average about 1 to 2 percent per annum over the next five years within the Greater Penticton area.

The pleasant climate of the south Okanagan makes the area a popular place to retire to, creating a higher median age than that of the province in general. Net migration to the area and population growth are expected to be strong through the next two decades.

Slightly higher growth can be expected in the outlying areas due to their lower base population and availability of less expensive and developable land.

KPMG’s Competitive Alternatives guide for comparing business costs (North America, Europe and Asia Pacific) ranked Penticton as the lowest cost place to carry out manufacturing in the Pacific North American Region.



IMAGINEPENTICTON.CA
economic development services

REGIONAL EDUCATION LEVELS

The percentage of city and regional population aged 15 years and over with a high school graduation certificate is similar to that of the rest of the province. However, the percentage of persons with a trades certificate or diploma is higher. The Okanagan-Skaha School District, which operates Penticton's schools, has achieved a graduation rate of 84.4%, well above the provincial average of 79.7% (the rate is the proportion of students who graduate with a Certificate of Graduation within 6 years of starting Grade 8).

% of Population 15 Years & Over

Education Level	Penticton	Okanagan-Similkameen Regional District	British Columbia
No certificate; diploma or degree	24.3	25.2	19.9
High school certificate or equivalent	30.1	28.8	27.9
Apprenticeship or trades certificate or diploma	13.0	13.9	10.9
College; CEGEP or other non-university certificate or diploma	18.4	17.4	16.7
University certificate or diploma below bachelor level	4.8	4.6	5.4
University certificate, diploma or degree	9.4	10.1	19.3

Source: Statistics Canada, Census of Population 2006



TOP EMPLOYERS IN THE GREATER PENTICTON AREA, 2008

Employer	Employees	SIC Code
Penticton Regional Hospital	900	861
School District #67	630	851
City of Penticton	325	835
Canada Revenue Agency	305	8153
Valley First Credit Union	290	705
Apex Mountain Resort	276	965
Penticton Lakeside Resort & Casino	240	911
Greyback Construction	200	401
Safeway	200	601
Community Resource Centre	190	826
Moduline Industries	175	254
The Bay	175	641
Argo Road Maintenance	165	459
Save On Foods	160	601
Wal-Mart	155	641
Cantex Engineering	125	412
Zellers	120	641
Penticton Home Support	103	826
Britco Structures	100	254
McDonald's	100	921
Penticton Retirement Centre	100	862
Peters Brothers Construction	100	862



ECONOMIC STRUCTURE

The regional labour force is made up of more than 46,000 people and is a stable and productive one. Employers benefit from skilled long-term employees whose turnover rate is low, while productivity remains high. Salary levels are compatible with the lifestyles of the BC Interior. A large proportion of the population's income is derived from pensions, self-employment and semi-retirement jobs.

A Guide to the BC Economy and Labour Market, produced by BC Statistics, is a useful resource that provides an overview of the provincial economy and the characteristics of its workforce. It focuses on provincial industries, with an emphasis on their human resources. Wage rates paid in the Thompson Okanagan Kootenay area for a wide range of occupations is compiled by Service Canada on an ongoing basis and can be accessed at www.labourmarketinformation.ca.

Unemployment rates in the Okanagan Valley have fallen steadily in the past 10 years, with significant decreases in the past several years. Averages fell from 8.8% in 2003 to 5.5% in 2008. Fruit picking and summer tourism create seasonal fluctuations in the unemployment rate.

ECONOMIC PERFORMANCE

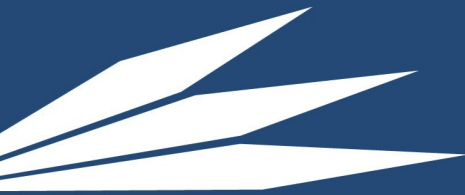
In 2007, the tourism industry accounted for 4.3% of BC's Gross Domestic Product.

The Okanagan enjoys a reputation of having a diverse labour pool with one of the lowest turnover rates in BC. These factors make Penticton an appealing location for all types of business ventures looking to attract new and skilled workers.

Approximately 2,000 workers, or about 9.8% of Greater Penticton's workforce, are employed in tourism-related businesses (accommodation and food services) (Statistics Canada, 2006 Census).

The City of Penticton's annual growth rate is 2.5%.

Currently, British Columbia is experiencing one of the strongest economic expansions on record.



Penticton is #1 in British Columbia KPMG's Business Cost Comparison.
(competitivealternatives.com)

COST COMPARISON

CANADA AND INTERNATIONAL COMPARISON

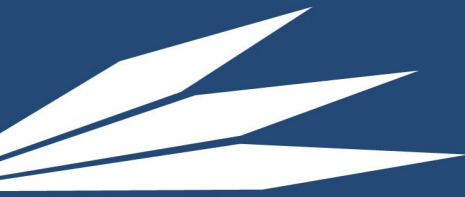
CANADA	OTHER COUNTRIES
Ranks #1 as cost leader with overall index of 91.0	Australia ranks #2 with overall cost index of 91.5
Canadian dollar would have to appreciate by slightly more than 20% against US dollar to place US in 'breakeven' position relative to Canada in terms of total business costs	US experienced greatest cost improvement since 2002 due to depreciation of US dollar against all major world currencies over the last two years
Cost for Canadian cities generally 4-15% lower than for their regional US counterparts	UK ranks third (97.6%), with overall costs lower than all other European countries and the US
Salary and wage costs in Canada rank second after Italy	The UK and France rank third and fourth respectively for lowest salary and wage costs
Canada offers the lowest electricity costs among all countries	The UK and Australia offer the lowest effective income tax rates for the widest range of operations
Cost for statutory holidays and other benefits (as a percentage of payroll) rank lowest in Canada	Consistent with previous editions of this study, Japan maintains its position as most expensive country to do business in, with costs almost 24 percent greater than the US

Source KPMG

http://www.kpmg.ca/en/news/pr20040218.html?zoom_highlight=Canada

PENTICTON

- Penticton is ranked as the 7th largest urban centre in British Columbia in terms of the amount of money generated by tourism room revenues.
- In 2007, Penticton earned over \$28million in room revenue (BC Statistics).
- Canada leads the G7 countries as the most cost-effective location for business, according to a 2006 study that compared business costs in nine industrial countries in North America, Europe and Asia Pacific. Canada ranked second out of the nine countries examined, with business costs approximately 5.5% below those in the United States.
- The accommodation industry in the city has approximately 1,700 hotel/motel units and 1,025 campground/recreation vehicle sites (Source: Penticton Visitor Information Centre, 2008), as well as a rapidly growing number of bed and breakfast operations. The higher end hotels/motels, with national advertising campaigns, achieve higher occupancy rates than the small establishments.



KPMG's *Competitive Alternatives* guide for comparing business costs (North America, Europe and Asia Pacific) ranked *Penticton as the lowest cost place to carry out manufacturing in the Pacific North American Region.*

The basis for comparison is the after-tax cost of start-up and operation for representative business operations in 17 industries, over a 10-year planning horizon. Results are based on the combined results for a group of comparable cities, and are expressed in comparison to the baseline results of the United States.

The BC cities and towns covered in the guide are: Abbotsford, Campbell River, Chilliwack, Courtenay, Duncan, Kamloops, Kelowna, Nanaimo, Penticton, Prince George, Vancouver, Vernon, and Victoria. For the full report, visit <http://competitivealternatives.com>.

Among the smaller cities examined, Canadian cities generally continue to offer lower cost structures than equivalent U.S. cities, even after allowing for the higher value of the Canadian dollar since 2004. "The advantage seen for many of the Canadian cities relative to the U.S. is generally the result of a combination of lower labour costs, including lower employer costs for private medical coverage, lower real estate costs, and lower electricity costs in Canada than in the United States, where deregulation has seen electric costs soar in many regions," KPMG's Mark MacDonald stated. "Various federal and provincial tax cuts over the last decade have also made Canada's tax system more competitive with the U.S., and have contributed to the positive position of the Canadian cities." (<http://www.kpmg.ca>)

COMPARISON OF INDUSTRY OVERALL RESULTS

(based on an average of 17 industry operations using 10-year average annual total location-sensitive costs)

