

Tourism Works for Alberta



The Economic Impact of Tourism in Alberta North Tourism Destination Region, 2006



Alberta

What is Economic Impact Analysis?

Economic impact analysis is used to determine the effects of additional tourist spending primarily on employment, income (value-added) and government tax revenues in an economy. It provides a snapshot of the economy at a particular point in time based on the initial spending. It is based on the premise that initial or direct effects alone are poor measures of the total impact of tourism on the economy. It is often the case that indirect and induced effects are just as large, if not greater, than direct effects and frequently involve sectors and activities distantly, but importantly, connected to the initial activity.

Let's suppose a tourist travels to Alberta and spends \$100 at a gas station in Alberta. In an economic impact analysis, the focus is not on the amount of sales (in this case \$100), but rather the impact of those sales on the provincial/regional economy.

If you consider:

- **Direct Impact:** The gasoline station owner must take part of the \$100 spent by the tourist and buy more gasoline from a wholesale distributor and pay wages, salaries, and taxes.
- **Indirect Impact:** In the second round, the wholesale gasoline distributor buys additional items and pays salaries/wages with part of the \$100.
- **Induced Impact:** The gasoline station employees and the employees of the wholesale distributor spend part of their salaries on groceries, rent, automobiles and so on.

This ripple effect based on the initial amount of tourist spending circulates throughout the economy and creates a "multiplier effect". In this analysis, the objective is to estimate and analyze the ripple effect of tourism spending in each Tourism Destination Region (TDR) and understand tourism's vital economic contribution to every region of the province.

Alberta North TDR Overview:

- Direct visitor expenditures from all tourists (resident and non-residents) in Alberta North exceeded **\$371** million in 2006.
- These expenditures resulted in a net economic impact (value-added) of **\$388** million province-wide.
- A total of **6,745** full time equivalent jobs were sustained province-wide in 2006.
- As a result of tourism expenditures in Alberta North, approximately **\$144** million in total taxation revenues was accrued to all three levels of government in 2006. This included **\$91** million to the federal government, **\$43** million to the provincial government, and **\$10** million to local governments province-wide.

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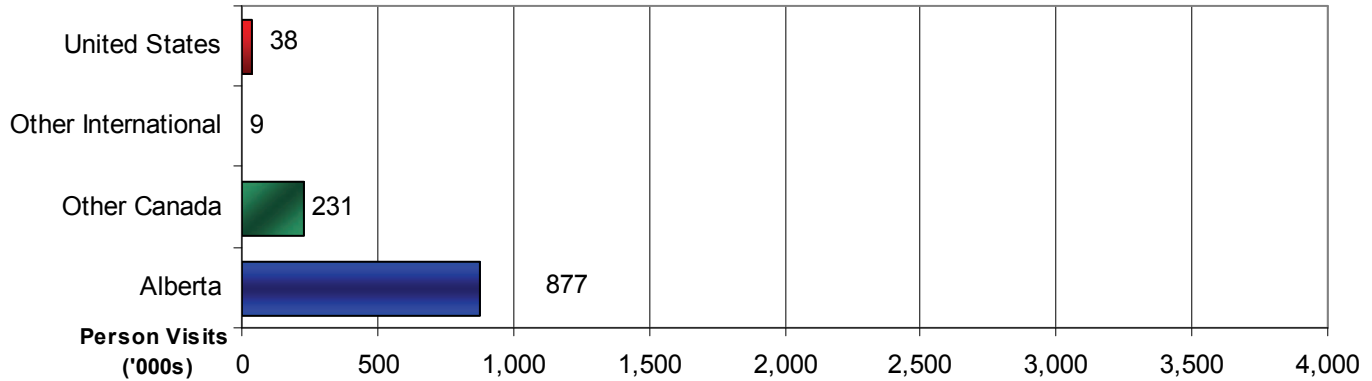
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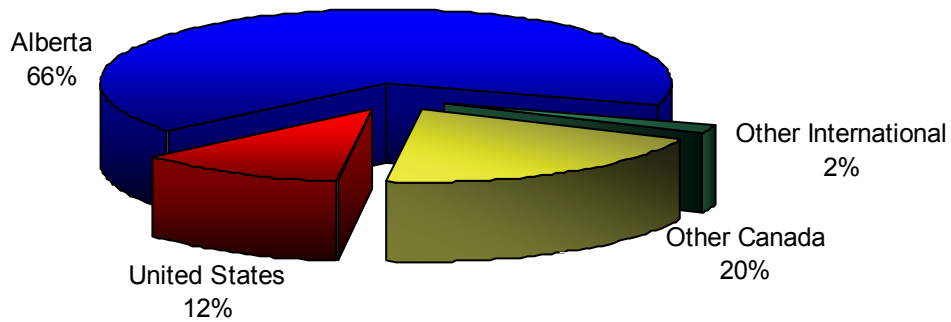
Source: ATPR, Photo and Video Library

Travel to Alberta North TDR by Visitor Origin, 2006

In 2006, 1.15 million person visits were made to Alberta North Tourism Destination Region by Alberta residents, other Canadians, and visitors from the U.S. and overseas.



Distribution of Tourism Expenditures in Alberta North TDR by Visitor Origin, 2006



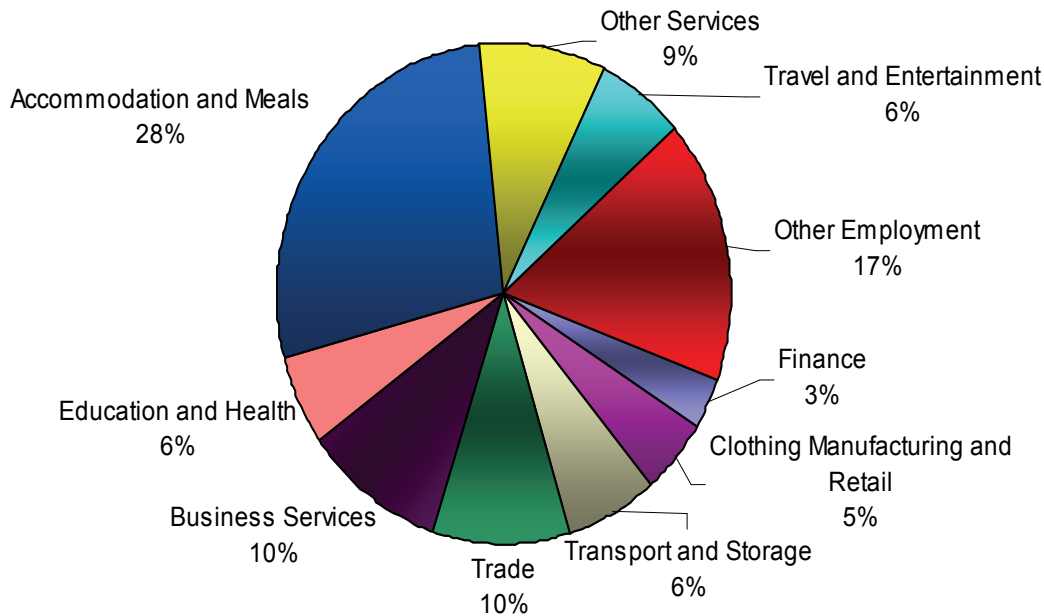
Economic Impact of Tourism in Alberta North TDR

In 2006, direct visitor expenditures from all tourists (resident and non-resident) in Alberta North exceeded \$371 million. These expenditures resulted in a net economic impact (value-added) of \$388 million province-wide.

	Alberta	Other Canada	United States	Other International	Total
(\$000s)					
Initial Expenditure	\$243,870	\$73,748	\$45,953	\$7,663	\$371,234
Value Added	\$252,327	\$78,908	\$49,018	\$8,174	\$388,427
Gross Output	\$590,491	\$176,893	\$114,422	\$18,442	\$900,248
Wages & Salaries	\$129,098	\$45,443	\$29,899	\$4,951	\$209,391
Taxes	\$93,382	\$29,548	\$18,661	\$3,071	\$144,662
Employment (Person Years)	4,012	1,498	1,065	170	6,745

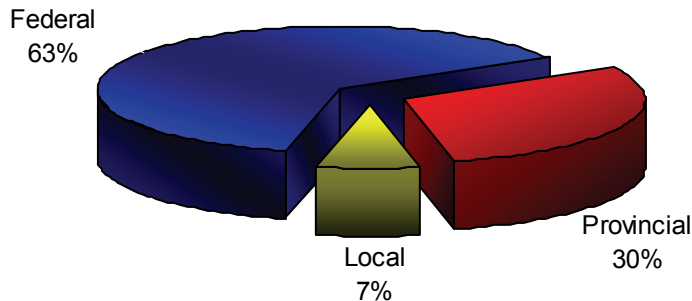
Employment Impacts of Tourism Expenditures in Alberta North TDR

In 2006, the accommodation and meals sector accounted for 28% of the employment impact on the tourism industry.



Tax Impacts of Tourism Expenditures in Alberta North TDR

In 2006, approximately \$144 million in total taxation revenue accrued to all three levels of government (federal, provincial and local). This included \$91 million (63%) to the federal government, \$43 million (30%) to the provincial government, and \$10 million (7%) to local governments province-wide.



All economic impacts include direct, indirect, and induced effects.

Sources:

Statistics Canada (International Travel Survey, Travel Survey of Residents of Canada)
Econometric Research Limited

For more information, please contact the Tourism Business Development, Research and Investment Branch of the Ministry of Alberta Tourism, Parks and Recreation

(780) 415 –1310

www.tpr.alberta.ca/tourism

In 2006, tourism expenditures in Alberta North sustained a total of 6,745 full time equivalent jobs province-wide. The total value of wages and salaries associated with tourism-related employment in Alberta North was \$209 million.



Source: ATPR, Photo and Video Library