

Tourism Works for Alberta



The Economic Impact of Tourism in Alberta, 2007

Overview:

- Direct visitor expenditures from all tourists (resident and non-resident) in Alberta exceeded **\$5.65** billion in 2007.
- These expenditures resulted in a net economic impact (value-added) of **\$6.17** billion province-wide.
- A total of **109,421** full time equivalent jobs were sustained province-wide in 2007.
- Approximately **\$2.05** billion in total taxation revenues accrued to all three levels of government in 2007. This included **\$1.31** billion to the federal government, **\$594** million to the provincial government, and **\$145** million to local governments province-wide.

What is Economic Impact Analysis?

Economic impact analysis is used to determine the impacts 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 impacts alone are poor measures of the total impact of tourism on the economy. It is often the case that indirect and induced impacts are just as large, if not greater, than direct impacts 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.

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Economic Impact of Tourism In Alberta, 2007

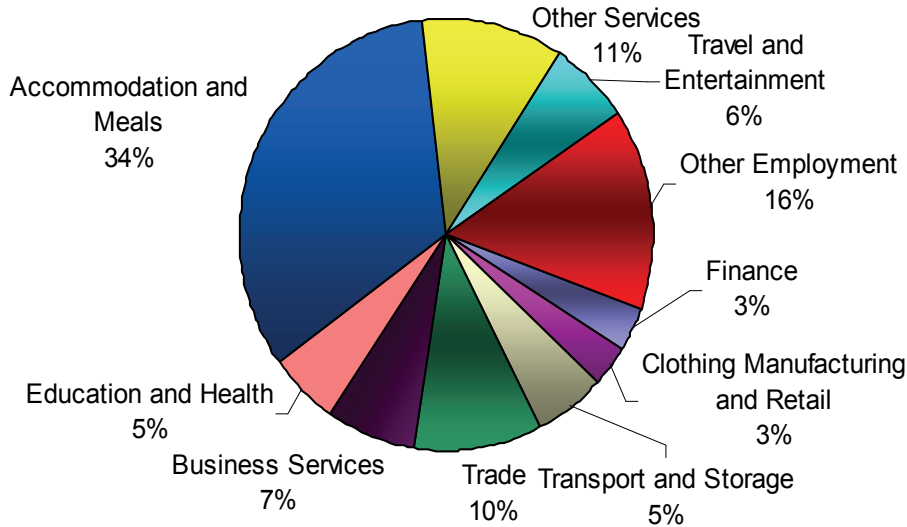
In 2007, direct visitor expenditures from all tourists (resident and non-resident) in Alberta exceeded \$5.65 billion. These expenditures resulted in a net economic impact (value-added) of \$6.17 billion province-wide.

	Alberta	Other Canada	United States	Other International	Total
(\$000s)					
Initial Expenditure	\$2,968,025	\$1,225,043	\$643,042	\$810,580	\$5,646,690
Value Added	\$3,186,263	\$1,360,165	\$718,124	\$901,883	\$6,166,435
Gross Output	\$7,094,499	\$2,910,759	\$1,559,458	\$1,958,592	\$13,523,308
Wages & Salaries	\$1,718,666	\$778,797	\$434,439	\$550,794	\$3,482,696
Taxes	\$1,033,424	\$455,143	\$247,984	\$311,611	\$2,048,162
Employment (Full Time Equivalent)	52,655	24,082	14,482	18,202	109,421

Employment Impacts of Tourism Expenditures in Alberta

In 2007, the accommodation and meals sector accounted for 34% of the employment impact on the tourism industry.

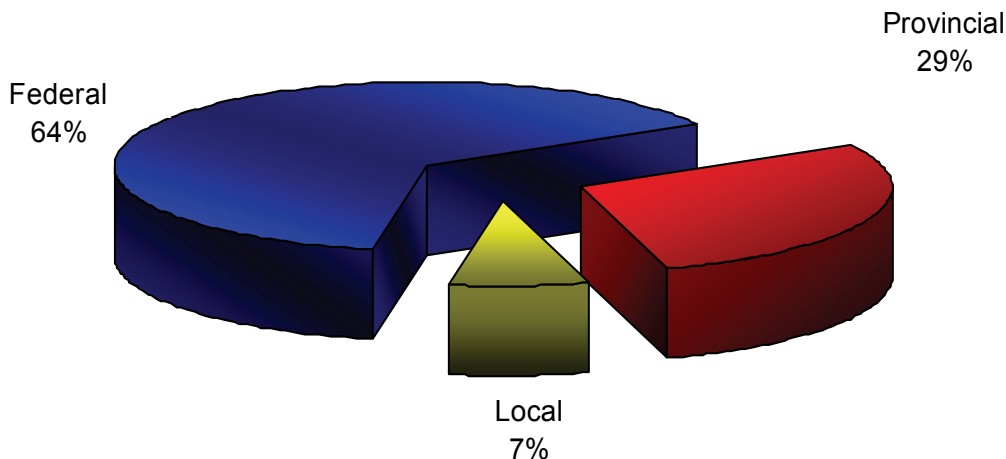
Other employment, which accounts for 16% of the employment impact on the tourism industry, includes sectors such as agriculture, food and beverage, telecommunication and utilities, construction, and printing and publishing.



In 2007, a total of 109,421 full time equivalent jobs were sustained province-wide. The total value of wages and salaries associated with tourism-related employment was \$3.48 billion.

Tax Impacts of Tourism Expenditures in Alberta

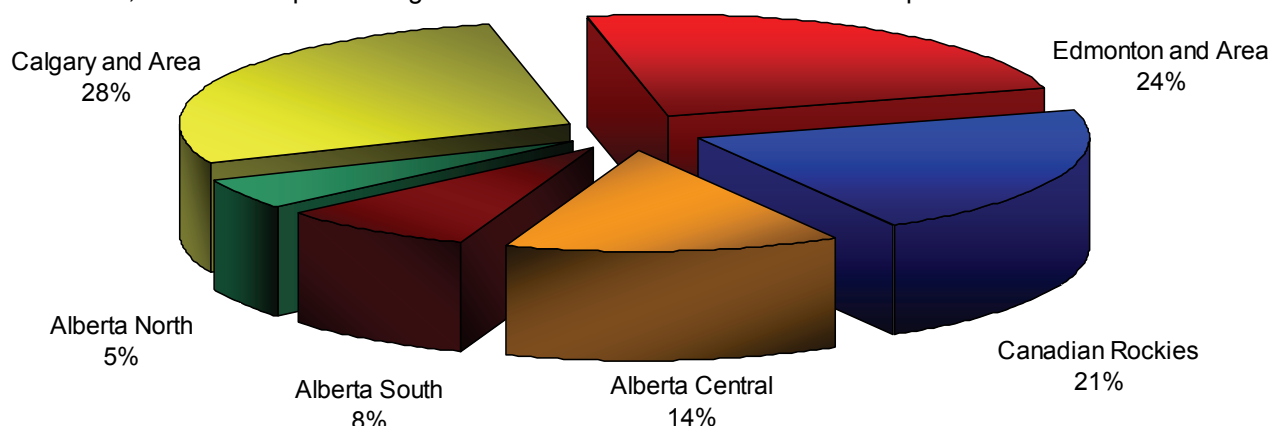
In 2007, approximately \$2.05 billion in total taxation revenue accrued to all three levels of government (federal, provincial and local). This included \$1.31 billion (64%) to the federal government, \$594 million (29%) to the provincial government, and \$145 million (7%) to local governments province-wide.



Source: ATPR, Photo and Video Library

Distribution of Tourism Expenditures in Alberta Tourism Destination Regions

In 2007, Calgary and Area TDR accounted for 28% of the tourism expenditures in Alberta. The Edmonton and Area TDR accounted for 24% and the Canadian Rockies TDR accounted for 21% of total tourism expenditures in Alberta. In total, the three respective regions accounted for 73% of the tourism expenditures in Alberta.



Tourism Expenditures in Alberta by Tourism Destination Region and Type

In 2007, expenditures on food and beverage accounted for 25% of the tourism expenditures in Alberta. Accommodation accounted for 21%, followed by private auto with 21%, retail with 17%, recreation with 9%, and public/local transport with 7%.

	Alberta North	Alberta Central	Edmonton & Area	Canadian Rockies	Calgary & Area	Alberta South	Total
(\$000s)							
Public/Local Transport	\$20,975	\$6,570	\$118,723	\$61,648	\$214,288	\$12,544	\$434,748
Private Auto	\$86,091	\$273,902	\$236,571	\$161,674	\$253,855	\$152,625	\$1,164,718
Accommodation, Food and Beverage	\$112,145	\$299,330	\$611,558	\$736,230	\$660,752	\$172,239	\$2,592,254
Recreation	\$15,224	\$48,180	\$96,131	\$140,950	\$163,145	\$27,986	\$491,616
Retail	\$39,034	\$151,293	\$310,301	\$115,860	\$273,389	\$73,477	\$963,354
Total	\$273,469	\$779,275	\$1,373,284	\$1,216,362	\$1,565,429	\$438,871	\$5,646,690

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

Sources:

Statistics Canada (2007 International Travel Survey, 2007 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