

# Tourism Works for Alberta



## The Economic Impact of Tourism in Alberta Central Tourism Destination Region, 2007

### Overview:

- Direct visitor expenditures from all tourists (resident and non-resident) in the Alberta Central Tourism Destination Region (TDR) exceeded **\$779** million in 2007.
- These expenditures resulted in a net economic impact (value-added) of **\$842** million province-wide.
- A total of **13,117** full time equivalent jobs were sustained province-wide in 2007.
- Approximately **\$268** million in total taxation revenues accrued to all three levels of government in 2007. This included **\$176** million to the federal government, **\$74** million to the provincial government, and **\$18** 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.

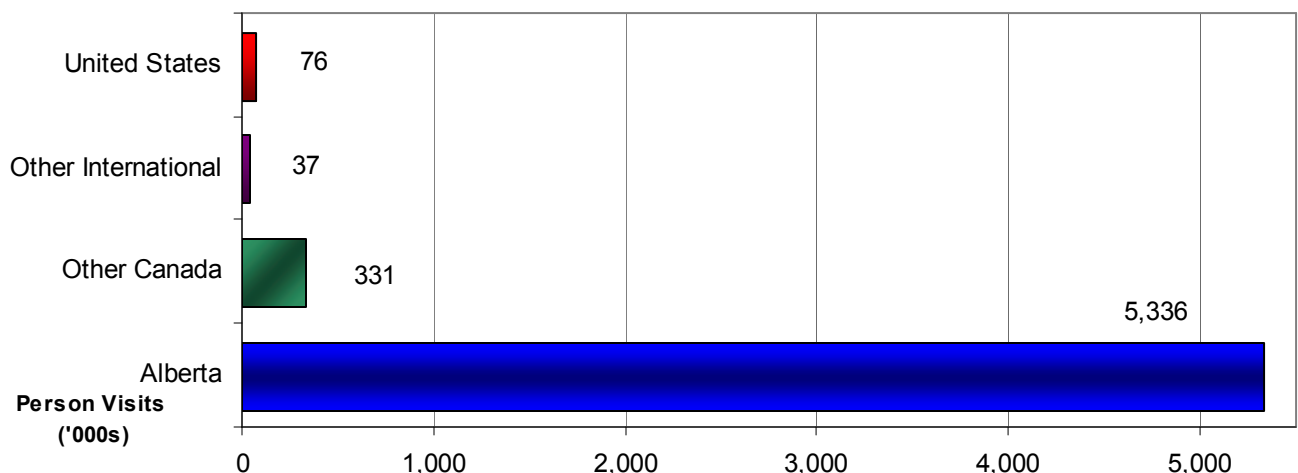
This ripple effect based on the initial amount of tourist spending circulates throughout the economy and creates a "multiplier effect". In this analysis, the objective is to estimate and analyze the ripple effect of tourism spending in each TDR and understand tourism's vital economic contribution to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

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## Travel to Alberta Central TDR by Visitor Origin, 2007

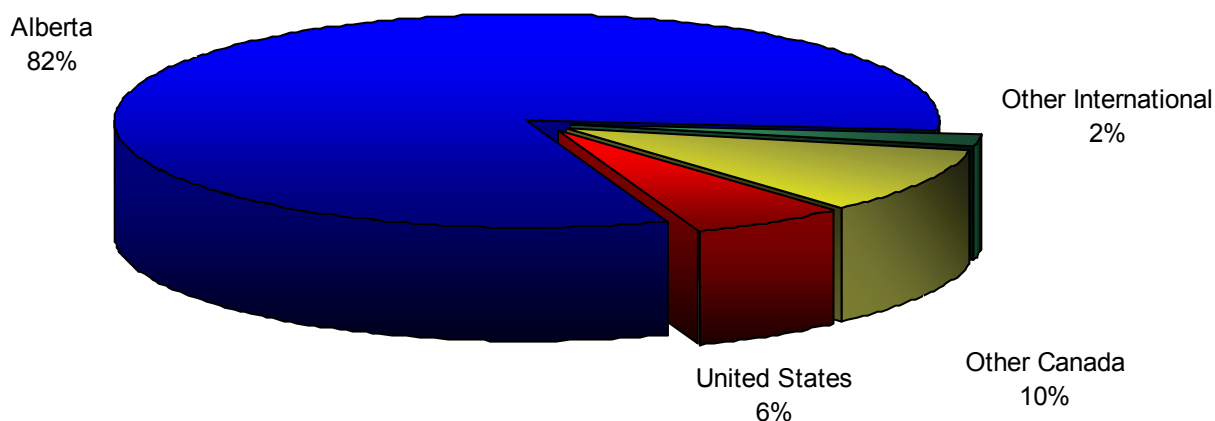
In 2007, 5.78 million person-visits were made to the Alberta Central TDR by residents of Alberta, other



Visitors from domestic markets are same-day and overnight visits; visitors from international markets are overnight visits.

## Distribution of Tourism Expenditures in Alberta Central TDR by Visitor Origin, 2007

In 2007, visitors to the Alberta Central TDR spent \$779 million. Of this \$779 million, 82% was spent by residents of Alberta (\$640 million), 10% was spent by residents from other parts of Canada (\$74 million), 6% was spent by visitors from the United States (\$48 million) and 2% was spent by visitors from overseas (\$17 million).



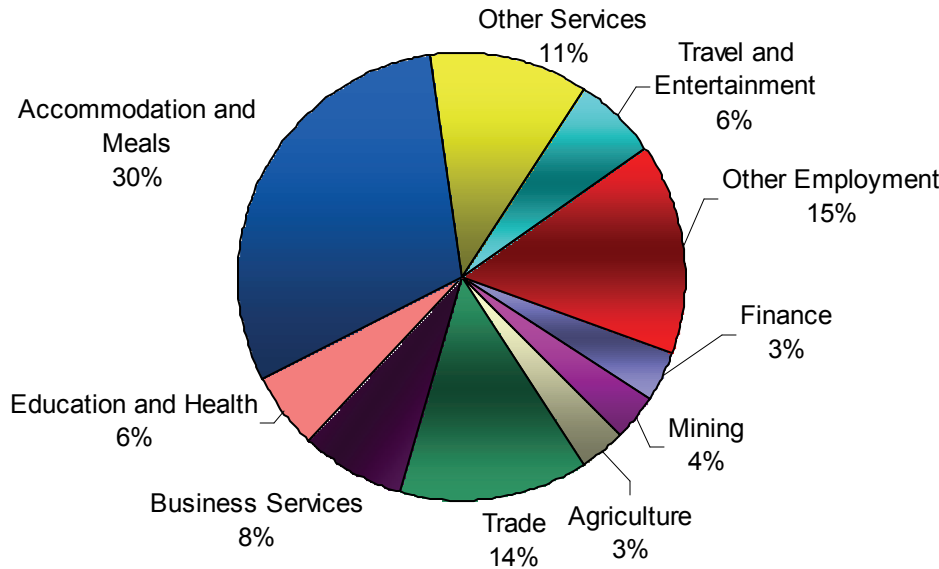
## Economic Impact of Tourism in Alberta Central TDR, 2007

In 2007, direct visitor expenditures from all tourists (resident and non-resident) in the Alberta Central TDR exceeded \$779 million. These expenditures resulted in a net economic impact (value-added) of \$842 million province-wide.

	Alberta	Other Canada	United States	Other International	Total
(\$000s)					
Initial Expenditure	\$640,065	\$74,100	\$47,780	\$17,330	<b>\$779,275</b>
Value Added	\$690,658	\$79,345	\$52,614	\$19,044	<b>\$841,661</b>
Gross Output	\$1,517,452	\$177,192	\$116,876	\$41,829	<b>\$1,853,349</b>
Wages & Salaries	\$354,816	\$42,245	\$31,502	\$11,451	<b>\$440,014</b>
Taxes	\$218,931	\$25,424	\$17,821	\$6,315	<b>\$268,491</b>
Employment (Full Time Equivalent)	10,405	1,305	1,046	361	<b>13,117</b>

## Employment Impacts of Tourism Expenditures in Alberta Central TDR

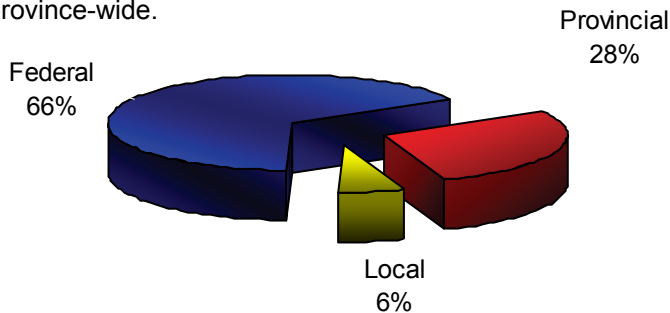
In 2007, the accommodation and meals sector accounted for 30% of the employment impact on the tourism industry.



In 2007, tourism expenditures in the Alberta Central TDR sustained a total of 13,117 full time equivalent jobs province-wide. The total value of wages and salaries associated with tourism-related employment in the Alberta Central TDR was \$440 million.

## Tax Impacts of Tourism Expenditures in Alberta Central TDR

In 2007, approximately \$268 million in total taxation revenue accrued to all three levels of government (federal, provincial and local). This included \$176 million (66%) to the federal government, \$74 million (28%) to the provincial government, and \$18 million (6%) to local governments province-wide.



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](http://www.tpr.alberta.ca/tourism)



Source: ATPR, Photo and Video Library