

# Tourism Works for Alberta



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

### Overview:

- Direct visitor expenditures from all tourists (resident and non-resident) in the Alberta North Tourism Destination Region (TDR) exceeded **\$273** million in 2007.
- These expenditures resulted in a net economic impact (value-added) of **\$294** million province-wide.
- A total of **4,662** full time equivalent jobs were sustained province-wide in 2007.
- Approximately **\$95** million in total taxation revenues accrued to all three levels of government in 2007. This included **\$62** million to the federal government, **\$27** million to the provincial government, and **\$6** 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.

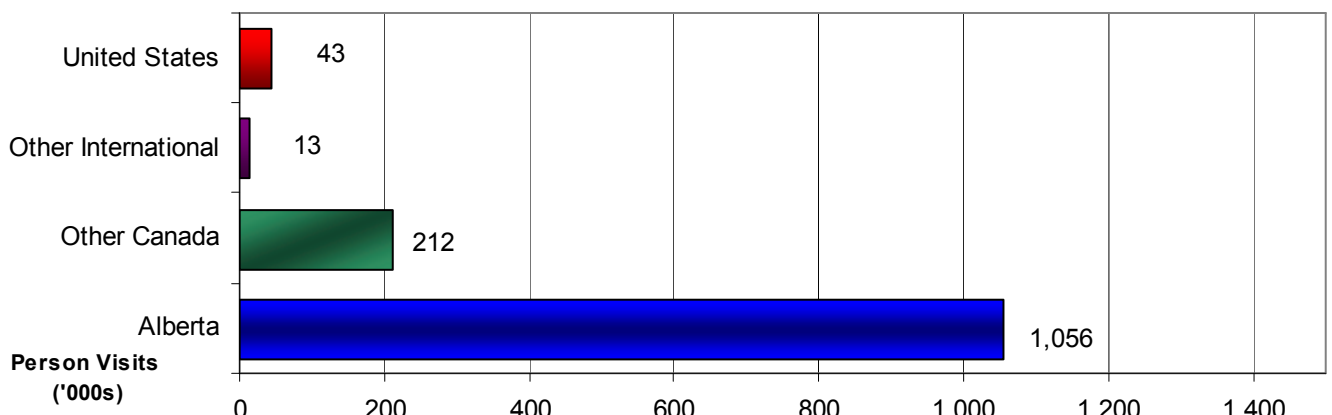
This ripple effect based on the initial amount of tourist spending circulates throughout the economy and creates a "multiplier effect". In this analysis, the objective is to estimate and analyze the ripple effect of tourism spending in each TDR and understand tourism's vital economic contribution to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

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

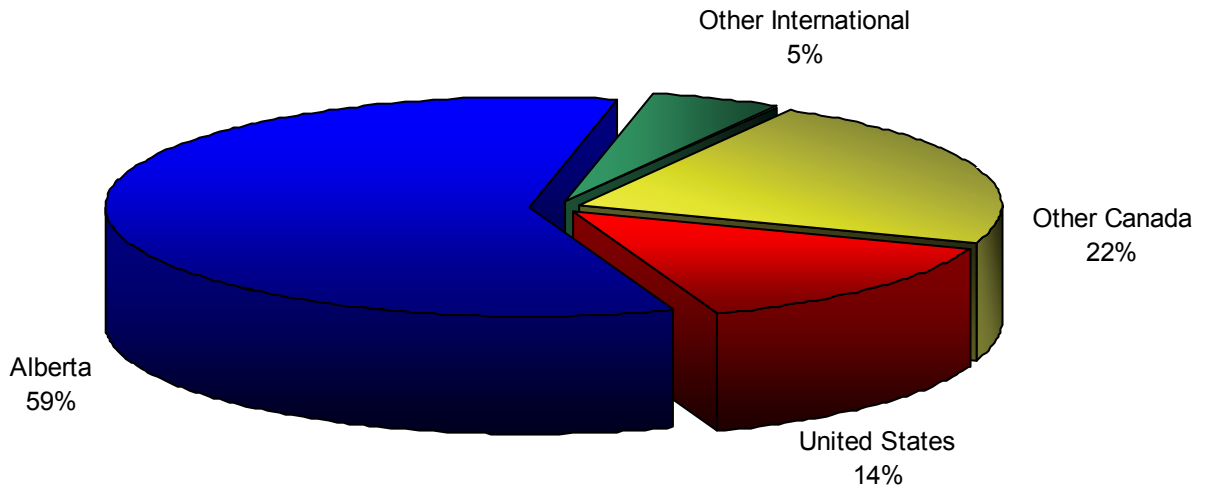
In 2007, 1.32 million person-visits were made to the Alberta North TDR by residents of Alberta, other Canadians and visitors from the U.S. and overseas.



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

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

In 2007, visitors to the Alberta North TDR spent \$273 million. Of this \$273 million, 59% was spent by residents of Alberta (\$161 million), 22% was spent by residents from other parts of Canada (\$61 million), 14% was spent by visitors from the United States (\$37 million) and 5% was spent by visitors from overseas (\$14 million).



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

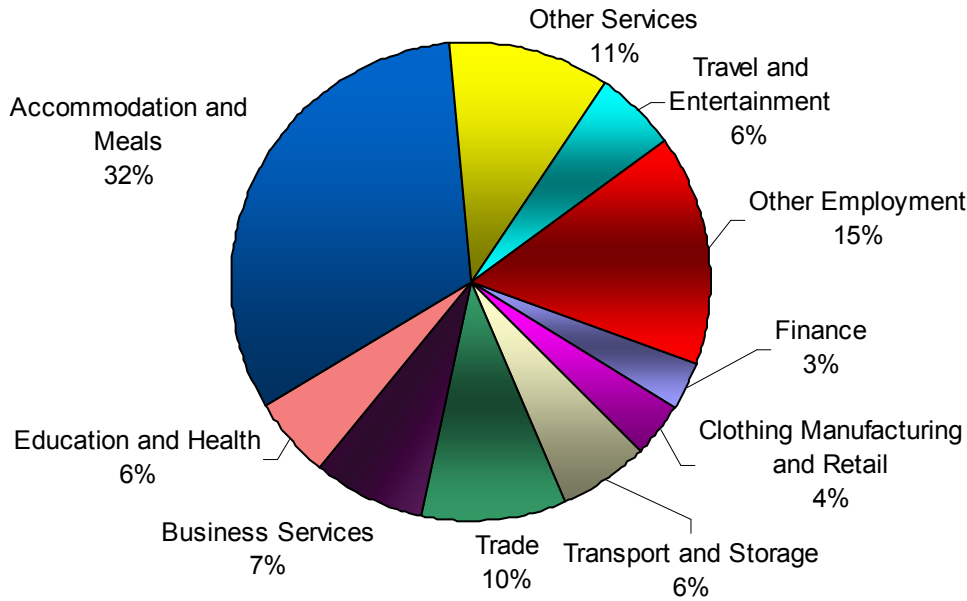
In 2007, direct visitor expenditures from all tourists (resident and non-resident) in the Alberta North TDR exceeded \$273 million. These expenditures resulted in a net economic impact (value-added) of \$294 million province-wide.

	Alberta	Other Canada	United States	Other International	Total
(\$000s)					
Initial Expenditure	\$161,117	\$61,259	\$37,450	\$13,643	<b>\$273,469</b>
Value Added	\$171,686	\$66,416	\$41,243	\$14,864	<b>\$294,209</b>
Gross Output	\$380,298	\$144,860	\$91,193	\$32,970	<b>\$649,321</b>
Wages & Salaries	\$84,679	\$36,839	\$24,615	\$8,970	<b>\$155,103</b>
Taxes	\$53,969	\$21,861	\$14,138	\$5,073	<b>\$95,041</b>
Employment (Full Time Equivalent)	2,430	1,124	812	296	<b>4,662</b>

## Employment Impacts of Tourism Expenditures in Alberta North TDR

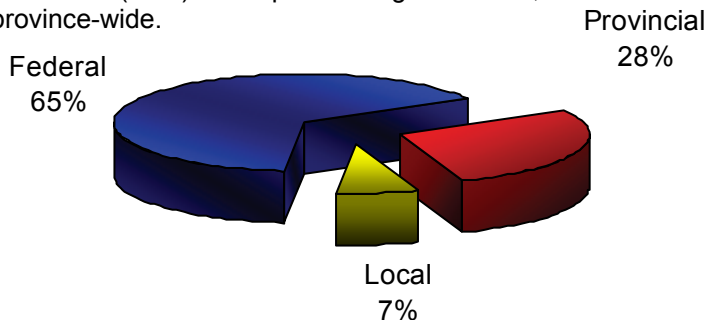
In 2007, the accommodation and meals sector accounted for 32% of the employment impact on the tourism industry.

Other employment, which accounts for 15% of the employment impact on the tourism industry, includes sectors such as food and beverage, agriculture, and construction.



## Tax Impacts of Tourism Expenditures in Alberta North TDR

In 2007, approximately \$95 million in total taxation revenue accrued to all three levels of government (federal, provincial and local). This included \$62 million (65%) to the federal government, \$27 million (28%) to the provincial government, and \$6 million (7%) 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)

**In 2007, tourism expenditures in the Alberta North TDR sustained a total of 4,662 full time equivalent jobs province-wide. The total value of wages and salaries associated with tourism-related employment in the Alberta North TDR was \$155 million.**



Source: ATPR, Photo and Video Library