

ALBERTA TOURISM INDUSTRY: Economic Impacts, Performance, Potential and Recommendations to Achieve Higher Ground



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John Price @johnpricephotography

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EXECUTIVE SUMMARY

Travel Alberta / Sameer Ahmed

INTRODUCTION

This report seeks to:

- Analyze the economic and employment impact of the industry in the province and relative to other industries over time;
- Assess the government's policy approach and financial support for the sector relative to other sectors in the economy and relative to the approach taken in British Columbia; and
- Identify recommendations to strengthen industry investment and job creation to help achieve the government commitment to increase tourism expenditures to \$25B by 2035. Key priority areas include strategic financial resourcing, an Alberta tourism experience tax credit, and an industry workforce housing strategy.

ALBERTA TOURISM INDUSTRY PERFORMANCE

- The tourism industry struggled substantially during the pandemic, in which visitor expenditures fell by 37% between 2019 and 2021. However, it has since recovered its losses and has actually grown in size. In 2023, total visitor expenditures were \$12.7 billion – up \$2 billion year over year, and \$2.6 billion since the pandemic.
- 2023 is the first year international visitor expenditures exceeded pre-pandemic levels, which is critical to the sector's long-term recovery and growth prospects. In fact, international visitor expenditure growth has exceeded domestic visitor expenditure growth by ~1% since 2019.
- The province's commitments and progress towards strengthening the tourism economy in Alberta are to be commended. With tourism expenditures having increased by 19% since 2022, there is significant momentum in the industry's favour right now.
- While this growth rate has been impressive, it will likely level-off, as domestic expenditures increased by only 6.4% between 2022-23 after recovering substantially the year prior. Moreover, the wildfire that devastated the Town of Jasper is going to diminish both domestic and international visitor spending in the national park, and full recovery not likely before 2030.

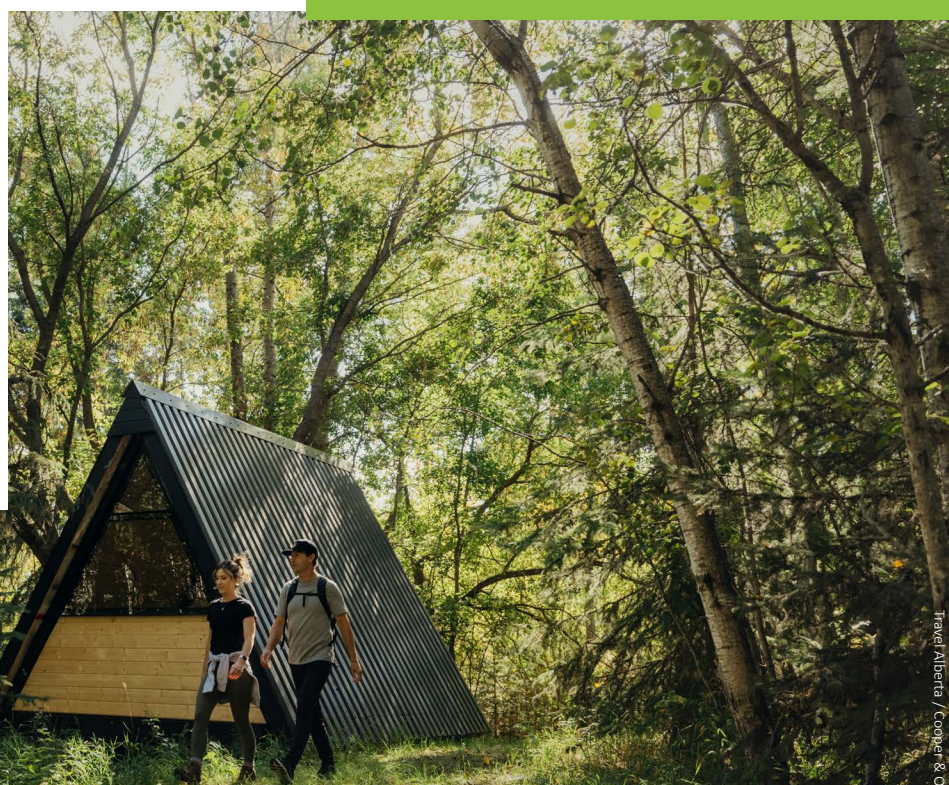
TOURISM INDUSTRY ECONOMIC AND EMPLOYMENT IMPACT

- Tourism expenditures of \$12.7B in 2023 translates into \$10.8B in GDP, \$1.5B in taxes for all levels of government and 119,000 jobs.
- The sector generated an incremental \$2B in visitor expenditures, \$1.6B in GDP, \$210M in taxes and 19,000 jobs since 2022.
- The industry is distributed across the province to varying degrees. While Calgary, Edmonton and the Rockies tend to draw the majority of visitor expenditures, the Central, North and South regions also draw a significant share of visitor expenditures.
- The employment benefits of the industry affect all areas of the province. In 2023, growth in employment occurred in all regions for the first time since 2019. Prior to this, the Canadian Rockies had not yet fully recovered, as this region draws the largest proportion of international visitors to the province. However, this trend is not necessarily going to continue as immigration/ migration levels could start to level off in the coming years.
- Despite this recovery, unfortunately employment levels in the Rockies will likely decline in 2024 due to the impact of the Jasper wildfire, and the tourism economy may not fully recover until 2030 depending on pace and scope of rebuilding efforts, and the corresponding delay in the return of international visitors.

TOURISM SECTOR CONTRIBUTION RELATIVE TO OTHER SECTORS

- The tourism industry is a significant contributor to provincial GDP and employment relative to other industries. Tourism was the 13th largest sector by GDP in 2023 – ahead of information and culture, agriculture, utilities, accommodation and food services, mining, arts entertainment and recreation, forestry and management. Its ranking has increased from 14th position in 2022, 18th position in 2021, and 15th position in 2019.

**Travel Alberta
aims to boost
visitor spending
to \$25 billion by
2035.**

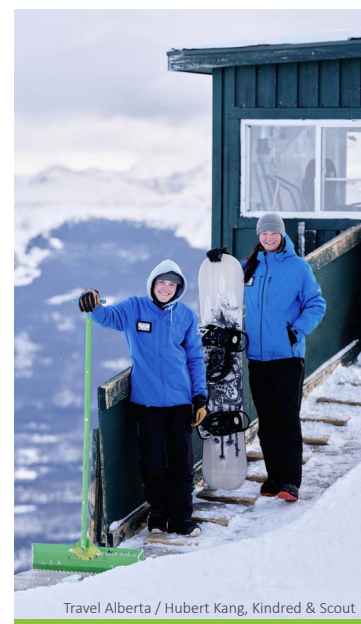


- From an employment perspective, tourism was the 12th largest sector in 2023 – greater than wholesale trade, information and culture, agriculture and forestry. With the exception of the 2021 pandemic year, Tourism employment has consistently increased in ranking relative to other sectors since 2019.
- What is striking is that the tourism industry, which is tasked to double revenues by 2035, received approximately \$82 million in funding support annually. When combined with culture, sports and recreation, arts, parks and heritage expenditures, this number increases to \$325 million. This is in contrast to other key industries in the province such as Energy (\$1,048 million), Forestry (\$412 million), and Agriculture (\$1,100 million). However, none of these mentioned sectors appear to have a strategic growth target guiding their efforts, compared to tourism.

- For every job in the tourism industry, the government spends approximately \$3,100. Comparatively,
- the government spends approx. \$21,400 per job in agriculture, \$54,500 in forestry and \$7,200 in oil and gas. At parity, this would translate into an additional \$423 million of government spending for tourism compared to energy, \$1.8 billion compared to agriculture and \$5.9 billion compared to forestry.

- While some aspects of recreation, sport, culture, heritage and parks do contribute to tourism by availing access to amenities that enhance the experience of visitors, the majority of provincial expenditures in these categories are not made, as their foundational purpose, to drive incremental spending within the tourism industry.
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- While the ideal level of government spending on the tourism industry must ultimately be a function of the strategic investments needed to achieve its goal doubling tourism expenditures by 2035, this analysis illustrates the underfunding of the sector relative to its economic contribution compared to other industries, let alone its potential.
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Travel Alberta / Hubert Kang, Kindred & Scout

REACHING HIGHER GROUND

- In February 2024, the Alberta government released Higher Ground – its much-anticipated long-term tourism strategy for the province, with a vision to grow visitor spending from \$10.7 billion in 2022 to \$25 billion by 2035. This bold vision seeks to increase total visitor expenditures from all sources by 134%.
- The economic benefits of achieving this goal are compelling – \$21B in GDP, \$2.8B in taxes and 233,000 jobs. However, it also requires substantial effort and strategic investment – \$25B is equivalent to a 97% increase relative to 2023 visitor expenditures. On an annualized basis, this represents a 6% increase year over year from 2023 and 2035.
- The industry grew by 6.5% on average annually between 2019-23, so it is an achievable goal. However, it will require strategic and concerted efforts on the part of the province to ensure the sector offers the products and amenities needed to attract visitors and has the workforce capacity to do so.

GOVERNMENT-WIDE STRATEGY AND INTEGRATED DECISION SUPPORT FOR INDUSTRY

- Successful implementation of the Alberta Tourism Sector Strategy will require the province to be able to compete with other jurisdictions.
- Whereas in 2019 Alberta's expenditure deficit to BC was approximately \$1 billion (i.e. Albertans spend \$1 billion more in BC on tourism than they receive from BC visitors), that number increased to \$1.2 billion in 2022, and to \$1.5 billion in 2023. Had the 2023 gap closed to zero, Alberta's spending would be \$14.2B in 2023. An over 21% increase in the year-over-year Alberta travel deficit with BC (2023 vs 2022) is indicative of Alberta's eroding competitiveness in introducing new products and experiences to the market.
- Additionally, Albertans spent \$60 million more in the rest of Canada (outside of BC) than other Canadians spent here, bringing the total domestic deficit to nearly \$1.6B. Internationally, Albertans spent \$3.45 billion on visitor travel in 2022, but international expenditures in the province totalled \$1.53 billion – for a deficit of \$1.92 billion.
- Closing the interprovincial expenditure deficit should be a key priority for government policy makers, as this is the first line of defense in reducing economic leakage into other jurisdictions and growing the tourism economy in the province – this could be a particularly effective strategy not only relative to BC, but also the US in the event trade relations become strained and it becomes less desirable for Albertan's to travel there.
- The Alberta government has recognized the importance of an integrated and strategic government approach to tourism development, and has recently passed the All-Season Resorts Act, which will create a new All-Season Resorts Branch in the Ministry of Tourism and Sport, and will establish a clear and straightforward, single-desk resort development approval process for proponents.
- This is an essential element for enabling the development and expansion of Alberta's tourism industry, which will provide the long-term certainty needed to attract investment. A similar approach adopted

Albertans spent \$1.5 billion more in BC than BC visitors spent here in 2023—a 50% jump since 2019.

in BC in 2005 is widely recognized as critical in the success that British Columbia has experienced in the development of its tourism industry, which now stands at \$21B in annual visitor expenditures.

AN ALBERTA TOURISM EXPERIENCE TAX CREDIT

- Alberta's inability to match BC's purposeful development of its policy and regulatory environment supporting tourism has left the province greater than two-decades behind in building a competitive suite of products and services. Closing the gap with BC gets the province 20% closer to its 2035 goal.
- However, closing the BC-Alberta visitor expenditure gap requires a concerted effort to encourage Albertans to vacation within the province. Albertans currently account for 84% of total visitation in the province. Albertans also spend the least per trip of all visitors to the province.
- Albertans are the primary source of visitor revenue to achieve Alberta's \$25B tourism expenditure stretch goal, and achieving the government targets will require that Albertans increase both in their number of visits per capita, as well as how much they spend per trip.



Travel Alberta / Colin Way



Travel Alberta / Peter O'Hara

- Consequently, the province needs to consider ways to incentivize and increase Albertans' per capita visitation and spending per trip, in concert with the execution of the Alberta Tourism Sector Strategy.
- Unlike other policy instruments government might consider stimulating a desired economic outcome, a refundable tax credit is only paid by government on the back end of a consumer purchase, thus ensuring government only pays-out on having received the incremental economic benefit.
- Moreover, a Tourism Experience Tax Credit is seen as an effective policy instrument to support government aims to assist recovery and catalyze consumer spending in any community (or region) that has been disproportionately impacted by an extreme weather event(s).

THE CASE FOR INVESTMENT IN ALBERTA TOURISM PRODUCTS AND AMENITIES

- In addition to the All-Season Resorts Act and supporting policies, growing the industry requires creating additional competitive tourism products and experiences for visitors to enjoy.
- In 2019 the Alberta government reoriented Travel Alberta from a destination marketing organization to a destination management organization with a mandate for more active facilitation of private investment and government partnership in the industry.
- Travel Alberta has embraced its mandate as a destination management organization and is using the approximate incremental \$20 million in annual funding over three years to support targeted, private sector catalyzing investments, based on an assessment of high potential opportunities in select regions Alberta.
- This effort could not have come at a more important time. In 2024 the World Economic Forum ranked Canada in 11th place on its Travel and Tourism Development Index (TTDI), which measures "the set of factors and policies that enable the sustainable development of T&T". Canada used to be in the top 10 of this ranking, and Destination Canada has set a goal for Canada to be in 7th place by 2030.

- However, to raise Canada’s international tourism investment attractiveness ranking, Canada needs to overcome several key challenges. Specifically, Canada scores poorly on demand sustainability, availability of cultural resources, and prioritization of T&T. These are all factors within direct control of the Alberta government.
- In Alberta, the primary tourism destinations are Calgary, Edmonton and the Rockies. These are established visitor centres and business case for tourism investment in these areas is well-established. However, outside of these major visitor centres, the case for investment is less well established and, therefore, involves higher risk.
- Strengthening demand sustainability and increasing cultural resources can both be addressed through strategic government levers to both promote and financially de-risk these investments.
- Through its strategy to achieve government’s goal to increase visitor expenditures to \$25B by 2035, Travel Alberta has recognized that accommodation investments are demand drivers and that 7,000 more rooms will be required to meet this objective.
- CBRE analysis commissioned by Travel Alberta identified three near-term viable projects including a luxury ecolodge and two resort hotels, representing a total of 360 new hotel rooms. The construction related benefits include \$184 million in GDP, 1,500 jobs and \$6.3 million in taxes, while the associated increased visitor spending will total \$1.1 billion from 2029 to 2035.
- What is needed is additional funding for Travel Alberta to attract investors and help de-risk viable tourism projects to grow Alberta’s tourism amenity base.

TOURISM INDUSTRY WORKFORCE HOUSING STRATEGY

- Alberta’s visitor economy currently employs approximately 100,000 Albertans; however, it is forecast that to reach the \$25B target by 2035 more than 100,000 additional employees will be required. From a sectoral perspective, over 32,000 new positions would be in food and beverage, 23,000 in transportation, 20,000 in accommodation, 14,000 in recreation and 10,000 in clothes, gifts and other. Calgary and Edmonton are expected to need approximately 30,000 and 26,000 new employees respectively, while the Canadian Rockies would require 18,500 new employees.
- Housing affordability is an essential component in solving the industry’s labour shortages. While this is a strategic challenge facing many sectors of the economy, it is a structural issue within the tourism sector.
- Employees in tourism related industries such as accommodation, arts, entertainment and recreation have a housing price to income ratio of between 12 to 13. For food and beverage employees, the value is significantly higher at 19. This compared to the economy as a whole at 7. That said, the tourism industry is unique in that it provides a significant proportion of compensation in the form of non- wage benefits, including non-market housing, discounted or free meals, employee discounts on products and gratuities for food service employees. Combined, these benefits contribute an additional 20% to 30% to income which, while a substantial increase to the base wage, still leaves the industry in a structural disadvantage relative to other sectors.

- The key workforce housing challenges confronting the tourism industry in Alberta are driven by a number of factors, including:
 - Market demand driving price appreciation due to strong population growth.
 - Increased investment demand for short term rental accommodation.
 - The seasonal nature of the industry.
 - Limited supply of entry level housing/ housing to accommodate young individuals and families looking to build a career in the industry.
 - Limited economics of purpose-built rental accommodation due to limitations on employer deductions for employee lodging and challenged project economics relative to condominium developments.
 - Zoning and community densification/ development limitations that prevent critical new housing supply for being brought to market.
 - Limited access to transportation.

- Established resort destinations such as Banff, Canmore and Jasper have significant land supply constraints and tend to attract a more mobile worker population (e.g. international workers) compared to major urban centres such as Calgary and Edmonton. Employers in tourism-based communities are or are more likely to provide some form of living accommodation for staff, often in conjunction with the direction of the municipality. Tourism is also a major industry in Alberta’s urban centres. At \$3 billion in expenditures, the Calgary area is the largest tourist region in the province, while Edmonton is second at \$2.5 billion.

- Unlike tourism-based communities where employment is principally oriented around supporting the local tourism economy, tourism employers in economically diverse, urban centers do not offer staff accommodation housing to near the same extent as tourism-based communities, which leaves employees more exposed to tight housing market conditions.

- While governments at all levels are streamlining housing approval processes and providing funding/ resources to support housing supply and affordability, tourism industry employees are disproportionately disadvantaged relative to other sectors of the economy as a higher percentage of take-home income goes toward securing housing needs.

- For the province to be successful in increasing tourism expenditures to \$25 billion by 2035, it needs to develop a specific government housing support strategy for the industry that is aligned to the growth goals of legacy tourism destinations, tourism development zones, and resort development. This is a critical lynchpin in supporting the attraction, retention and career development of a deep and rich tourism industry labour force.



Travel Alberta / Erik McRitchie

POLICY RECOMMENDATIONS

1 STRATEGIC RESOURCING

- Commit the necessary resources to achieve the provincial goal of growing tourism expenditures to \$25B by 2035 by immediately committing the full annual intake revenues generated through the Alberta Tourism Levy (~\$118 million annually), or an equivalent amount, to Travel Alberta to support its role as a destination management organization
- Recognizing that the dedication of the ATL to support the Travel Alberta Corporation will still fall short of the needed government financial supports to generate \$25B in travel related expenditures by 2035, the government would be well-served to commit, through budget appropriations, an additional funding tranche of no less than \$60M/year over the next 5-years, to catalyze private sector investment, to support infrastructure and new destination development, and, to further address structural supply challenges, such as air route development and tourism career awareness and labour force development. The total annual incremental funding of \$178 million represents a fraction of the economic benefits associated with achieving the government's \$25B 2035 goal.

2 ALBERTA TOURISM EXPERIENCE TAX CREDIT

- Introduce an Alberta Tourism Experience Tax Credit as a 3-year pilot program with the following features
 - Set at 20%, up to a maximum value of \$500 per household (\$2,500 household spend) and \$250 per individual (\$1,250 individual spend).
 - Applied to expenditures on accommodation, daily admissions, gear rentals, food and beverage, and parking for trips a minimum of 40km distance one-way.
 - The credit would be available for trips between October and May to encourage off-peak tourism
 - The credit could be supplemented with promotional programming to encourage Albertans to visit new locations and experiences.
 - It is estimated that the tax credit would cost government \$200 million annually.

3 TOURISM INDUSTRY HOUSING STRATEGY

- Work with industry and municipalities to develop a province-wide tourism industry workforce housing strategy in support of its strategic efforts to increase tourism expenditures to \$25 billion by 2035. This strategy should include a focus on partnering with industry to remove barriers and advance the development of employee housing in the industry. Key initiatives include:
 - Set the board and lodging employee deduction limitations under Alberta's Employment Standards Code for industry lodging and accommodation to be closer to market price for the tourism industry to remove disincentives to investing in needed employee-provided housing supply.

- Explore having municipalities partner with industry through housing cooperatives, trusts and/ or other mechanisms to support the provision of tourism employees housing, including through land donations, access to municipal finance rates, differential tax rates, transportation infrastructure investments and regulatory streamlining for industry housing projects.
- Develop best practices guide/ framework for the development of new resorts in Alberta, including workforce and transportation planning provisions and regulatory approval processes in government all-season resort development polices.
- Develop a policy and regulatory framework for short term rental accommodations that ensures they compete on a level playing field with traditional hotels, including establishing comparable tax rates, health and safety requirements, inspections, and licensing/ registration.
- Travel Alberta incorporate workforce planning and employee housing supply considerations in the development of its tourism development zone and provincial tourism strategies.
- Industry undertake strategic efforts to strengthen their workforce planning and retention policies with a focus on viewing labour as an investment rather than a cost and incorporating the long-term cost savings and reputational benefits into their business plans.
- Develop an inter-governmental comprehensive strategy to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its permanent residential properties. This strategy would ideally involve all levels of government and include funding and land allocations to expedite construction workforce housing, zoning and densification reforms to expedite building processes and incent densification, as well as grants, loans and other programs to support the community and industry in returning to pre-disaster operations.

| Alberta Tourism Industry 2019-23 Dashboard | | | | | | |
|--|---|-----------------------------|----------------------------------|--------------------|-----------------------|-----------------------------|
| | Total Expenditures (\$M) | Domestic Expenditures (\$M) | International Expenditures (\$M) | GDP (\$M) | Net Taxes (\$M) | Jobs |
| 2019 | \$10,100 | \$7,800 | \$2,280 | \$8,610 | \$1,150 | 93,800 |
| 2021 | \$6,340 | \$5,990 | \$353 | \$5,400 | \$720 | 58,900 |
| 2022 | \$10,700 | \$9,190 | \$1,530 | \$9,160 | \$1,250 | 100,000 |
| 2023 | \$12,700,000 | \$9,780,000 | \$2,880,000 | \$10,800,000 | \$1,460,000 | 119,000 |
| 2019-22 Change | 5.9% | 17.8% | -32.9% | 6.4% | 8.7% | 6.6% |
| 2022-23 Change | 18.7% | 6.4% | 88.2% | 17.9% | 16.8% | 19.0% |
| | AB-BC Visitor Expenditure Deficit (\$M) | AB GDP Ranking | AB Jobs Ranking | Govt Spending/ GDP | Govt Spending per Job | Govt Tourism Spending (\$M) |
| 2019 | -\$1,054 | 15 | 14 | 43 | 3,646 | 303 |
| 2021 | -\$1,052 | 18 | 16 | 63 | 5,407 | 286 |
| 2022 | -\$1,246 | 14 | 13 | 40 | 3,457 | 302 |
| 2023 | -\$1,510 | 13 | 12 | 37 | 3,151 | 325 |
| 2019-22 Change | 18.3% | 1 | 1 | -7.0% | -5.2% | -0.7% |
| 2022-23 Change | 21.2% | 1 | 1 | -8.4% | -8.9% | 7.9% |



John Price @johnpricephotography

The tourism industry is a critical sector in Alberta. It struggled substantially during the pandemic, in which visitor expenditures fell by 37% between 2019 and 2021. However, it has since recovered its losses and has actually grown in size. In 2023, total visitor expenditures were \$12.7 billion – up \$2 billion year over year, and \$2.6 billion since the pandemic (Table 1).

Of note is the fact that international visitor expenditures have grown by 88% since 2022. This is the first year that international visitor expenditures exceeded pre-pandemic levels, which is critical to the sector’s long-term recovery and growth prospects. In fact, international visitor expenditure growth has now exceeded domestic visitor expenditure growth by ~1% since 2019.

| Table 1: Alberta Tourism Expenditures (000s) | | | | | | |
|--|--------------|-------------|--------------|--------------|-----------------|-----------------|
| | 2019 | 2021 | 2022 | 2023 | 2022-23% Change | 2019-23% Change |
| Domestic | \$7,800,000 | \$5,990,000 | \$9,190,000 | \$9,780,000 | 6.4% | 25.4% |
| International | \$2,280,000 | \$353,000 | \$1,530,000 | \$2,880,000 | 88.2% | 26.3% |
| Total | \$10,100,000 | \$6,340,000 | \$10,700,000 | \$12,700,000 | 18.7% | 25.7% |

Source: Travel Alberta, Statistics Canada National Visitor Survey, National Travel Survey, 2022

Notable source countries for growth include the US, the UK, Australia and India. However, tourism expenditures from China, Germany, Japan, South Korea and France continue to be well-below pre-pandemic levels.

Table 2: International Visitor Expenditures in Alberta by Country of Origin (000s)

| Area of residence | 2019 | 2020 | 2021 | 2022 | 2023 | 2019-23 Difference | 2019-23 %Change |
|-------------------|-------------|-----------|-----------|-------------|-------------|-----------------------|--------------------|
| Total | \$1,945,400 | \$280,180 | \$352,881 | \$1,528,759 | \$2,920,189 | \$974,789 | 50.1% |
| United States | \$993,037 | \$131,267 | \$182,534 | \$730,245 | \$1,588,727 | \$595,690 | 60.0% |
| United Kingdom | \$215,743 | \$29,044 | \$33,002 | \$183,663 | \$349,277 | \$133,534 | 61.9% |
| China | \$162,910 | \$18,482 | \$10,554 | \$17,073 | \$20,319 | \$ (142,591) | -87.5% |
| Australia | \$140,222 | \$13,537 | \$5,401 | \$77,362 | \$185,240 | \$45,018 | 32.1% |
| Germany | \$120,014 | \$9,906 | \$11,343 | \$77,174 | \$105,190 | \$ (14,824) | -12.4% |
| Japan | \$59,279 | \$5,360 | \$5,014 | \$15,258 | \$22,229 | \$ (37,050) | -62.5% |
| South Korea | \$57,332 | \$5,898 | \$5,430 | \$19,234 | \$27,932 | \$ (29,400) | -51.3% |
| India | \$48,863 | \$7,090 | \$6,618 | \$24,806 | \$62,797 | \$13,934 | 28.5% |
| France | \$47,741 | \$5,226 | \$5,739 | \$31,636 | \$38,458 | \$ (9,283) | -19.4% |
| Mexico | \$44,424 | \$6,603 | \$10,716 | \$37,773 | \$40,682 | \$ (3,742) | -8.4% |
| Other countries | \$393,981 | \$47,765 | \$76,529 | \$314,531 | \$471,447 | \$77,466 | 19.7% |

Source: Statistics Canada. Table 24-10-0047-01. Spending by foreign residents travelling in Canada. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2410004701>

In 2019 the Alberta government made what could be considered an unprecedented policy commitment to support the tourism sector, by seeking to double tourism spending in Alberta by 2030. As part of this effort and Alberta's tourism recovery plan, "Travel Alberta's budget was increased in 2023 from \$63 million to \$72 million over three years....[to] help Travel Alberta continue to support businesses, drive growth, create jobs and sustain Alberta's visitor economy now and in the future."¹

In February 2024, the Alberta government released Higher Ground – its much-anticipated long-term tourism strategy for the province, with a vision to grow visitor spending from \$10.7 billion in 2022 to \$25 billion by 2035.² This bold vision seeks to increase total visitor expenditures from all sources by 134%.

The province's commitments and progress towards strengthening the tourism economy in Alberta are to be commended. With tourism expenditures having increased by 19% since 2022, there is significant momentum in the industry's favour right now.

While this growth rate has been impressive, it has largely been driven by the resurgence of international visitors since the pandemic, as domestic expenditures increased by only 6.4% between 2022-23 after recovering substantially the year prior. Moreover, the wildfire that devastated the Town of Jasper is going to diminish both domestic and international visitor spending in the national park, and the tourism economy is not likely to fully recovery before 2030.

¹ Government of Alberta. 2023. Tourism spending recovers two years ahead of schedule. Available at: <https://www.alberta.ca/release.cfm?xID=89300AB2FB17C-0684-DDCB-D139675B4047F948>

² Government of Alberta. 2024. Higher Ground: A Tourism Sector Strategy. Amplifying the Alberta Advantage for the Visitor Economy. P. 4. Accessed at: <https://open.alberta.ca/publications/higher-ground-tourism-sector-strategy#:~:text=The%20strategy%20focuses%20on%20five,visitor%20economy%20reaches%20new%20heights>

In its 2024 State of the Industry Report, the Tourism Industry Association of Alberta (TIAA) identified the following challenges confronting the industry:³

- Disproportionate reliance on domestic visitors
- Limited but expanding air access
- Limited winter/off-season product
- Concentration of tourism assets in the mountain parks and major urban centres
- Labour shortages and workforce development needs, including lack of sufficient workforce housing
- Domestic competition for investment and reinvestment

A more robust approach that supports government's aims to create a larger, more economically contributive sector of the economy will require greater public investment in new destination development, new tourism product and service development, supporting infrastructure investment, and investment in the development of more direct air access routes in alignment with air partners. This financial commitment will complement the strong policy commitment on the part of government to execute on its vision.

New investments and support for the sector will generate significant economic growth and employment potential in underdeveloped tourism areas within the province, while augmenting the visitor experience through strategic investments in more mature destinations such as in the mountain parks and urban centres – leading to increased employment, wealth creation and higher government revenues.

This report seeks to:

- Analyze the economic and employment impact of the industry in the province and relative to other industries;
- Assess the government's policy approach and financial support for the sector relative to other sectors in the economy and relative to the approach taken in British Columbia; and
- Identify recommendations to strengthen industry investment and job creation to help the government achieve *Higher Ground* – the provincial strategy target to increase tourism expenditures to \$25B by 2035.

³ Tourism Industry Association of Alberta. 2024. State of the Industry Report. Available at: <https://www.tiaalberta.ca/download/eJwFwQsKgCAQBcATra4IYd3m!aMoU9qFoNM3s6sO2ayV4zpF8aiR2aDh6zdeMak3i4WTn8Dk2VXyqTgKDpHmEgAOa4k!m5HrD9JIGD8=/TIAA%20SOI%20Report%202024%20Feb%201%20%28FINAL%29.pdf>

A stronger financial and policy commitment is needed to reach the \$25 billion target by 2035.



2

ALBERTA TOURISM INDUSTRY ECONOMIC CONTRIBUTION

Travel Alberta/George Simhoni

The tourism industry is a significant contributor to the economy, and it is unique relative to other sectors. It is similar to export industries in that it represents a direct injection of wealth into the economy from outside the province or country, but its impact is difficult to quantify because tourism expenditures tend to be distributed into component categories for Gross Domestic Product (GDP) and employment reporting purposes (e.g. accommodation, food and beverage, retail trade, transportation, recreation, entertainment, clothing).^{4,5}

2.1 PROVINCIAL ECONOMIC IMPACTS

This section provides an overview of the economic impacts of the industry. Table 3 presents the direct, indirect and induced economic impacts of the Alberta tourism industry from 2019-23 and what the impact would be under the Alberta government’s commitment to grow visitor expenditures to \$25 billion by 2035.^{6,7}

| Table 3: Total Direct, Indirect and Induced Alberta Tourism GDP, Net Taxes and Jobs | | | | |
|---|----------------------|--------------|-------------------|---------|
| | Expenditures (\$000) | GDP (\$000) | Net Taxes (\$000) | Jobs |
| 2019 | \$10,100,000 | \$8,610,000 | \$1,150,000 | 93,800 |
| 2021 | \$6,340,000 | \$5,400,000 | \$720,000 | 58,900 |
| 2022 | \$10,700,000 | \$9,160,000 | \$1,250,000 | 100,000 |
| 2023 | \$12,700,000 | \$10,800,000 | \$1,460,000 | 119,000 |
| 2035 Target | \$24,900,000 | \$21,200,000 | \$2,870,000 | 233,000 |

Source: Derived by Verum Consulting from Statistics Canada. Table 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level.

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610059501>

Tourism expenditures of \$12.7B in 2023 translates into \$10.8B in GDP, \$1.5B in taxes for all levels of government and 119,000 jobs. The sector generated an incremental \$2B in visitor expenditures, \$1.6B in GDP, \$210M in taxes and 19,000 jobs since 2022.

⁴ See the appendix for methodological details.

⁵ Even this approach has limitations, as a good number of tourism experiences (e.g. outdoor recreation, events, attractions) can be overlooked, underestimating the actual economic contribution of the sector.

⁶ The economic impact estimates presented in this report differ than those estimated by the Ministry of Jobs Economy and Innovation. Travel Alberta employs a customized version of the Statistics Canada 2017 IO model, whereas this report uses a customized version of the Statistics Canada 2018 IO model. Travel Alberta results can be found at <https://www.alberta.ca/alberta-visitor-profiles.aspx>

⁷ Note, these estimates differ than those of Tourism HR Canada, which estimates Alberta tourism employment in 2019 at 241,000, 191,300 in 2021, 216,800 in 2022 and 238,000 in 2023. <https://tourismhr.ca/labour-market-information/tourism-labour-force-survey/>

In terms of regional impacts, the industry is distributed across the province to varying degrees. While Calgary, Edmonton and the Rockies tend to draw the majority of visitor expenditures, the Central, North and South regions also draw a significant share of visitor expenditures (Table 4).

| | Domestic | International |
|------------------|-----------------|----------------------|
| Alberta Central | 13.3% | 8.3% |
| Alberta North | 5.7% | 4.8% |
| Alberta South | 8.5% | 3.8% |
| Calgary & Area | 29.1% | 23.2% |
| Canadian Rockies | 16.6% | 47.0% |
| Edmonton & Area | 25.0% | 12.9% |

Source: Travel Alberta and Statistics Canada⁸

The employment benefits of the industry affect all areas of the province (Table 5). In 2023, growth in employment occurred in all regions for the first time since 2019. Prior to this, the Canadian Rockies had not yet fully recovered, as this region draws the largest proportion of international visitors to the province, which is a segment that only fully recovered in 2023. However, this trend is not necessarily going to continue as immigration/ migration levels could start to level off in the coming years.

Despite this recovery, unfortunately employment levels in the Rockies will likely decline in 2024 due to the impact of the Jasper wildfire and may not fully recover until 2030 depending on pace and scope of rebuilding efforts, and the corresponding delay in the return of international visitors to the park.

| | Alberta Central | Alberta North | Alberta South | Calgary & Area | Canadian Rockies | Edmonton & Area | Total* |
|-------------|------------------------|----------------------|----------------------|---------------------------|-------------------------|----------------------------|---------------|
| 2019 | 11,425 | 5,121 | 6,942 | 25,998 | 21,994 | 20,839 | 92,319 |
| 2021 | 7,698 | 3,311 | 4,837 | 16,951 | 10,783 | 14,330 | 57,908 |
| 2022 | 12,637 | 5,551 | 7,808 | 28,297 | 21,049 | 23,285 | 98,626 |
| 2023 | 14,424 | 6,478 | 8,751 | 32,873 | 28,120 | 26,285 | 116,931 |
| 2035 | 28,392 | 12,749 | 17,227 | 64,700 | 55,304 | 51,741 | 230,113 |

*Note: employment values do not match the totals in Table 3 due to the exclusion of the “other” expenditure category in the domestic proportions of Table 4.

⁸ Domestic proportions draw from Travel Alberta 2019 visitor profiles by region. International proportions draw from 2014 Travel Alberta Visitor profiles by region, cross-referenced with Statistics Canada NVS actual expenditures by region, which are publicly available separately for the Rockies and Calgary regions as a means of calibration.

That said, from a regional economic development and employment perspective, the industry presents a compelling economic opportunity. Tourism is a highly interpersonal labour-intensive sector and will continue to be so as visitor demand increases. Labour-replacing technological advancements, found in many sectors of the economy, simply cannot be incorporated in this service-oriented sector because the human connection element is core to the ‘authentic’ experiences and locations that visitors look to when making travel decisions. It is very localized, with differentiated visitor experiences distributed across the province at various levels of development. The industry is highly entrepreneurial, as there are limited barriers to entry and projects can be easily scaled to demand.

Generally speaking, a majority of tourism projects don’t require long approval timelines compared to other industries, which make them ideal candidates as catalysts for local economic development. The sector is also inclusive in that visitor experiences can be developed to reflect or cater to diverse audiences based on a region’s unique cultural, heritage and Indigenous assets, and experiences.

Tourism drives local economies, thrives on human connection, and scales quickly—making it a powerful catalyst for growth.





Travel Alberta/Sabrina Hill

2.2 TOURISM SECTOR CONTRIBUTION RELATIVE TO OTHER SECTORS

The tourism industry is also a significant contributor to provincial GDP and employment relative to other industries. Tourism was the 13th largest sector by GDP in 2023 – ahead of information and culture, agriculture, utilities, accommodation and food services, mining, arts entertainment and recreation, forestry and management (Table 6). Its ranking has increased from 14th position in 2022, 18th position in 2021, and 15th position in 2019.

| | 2019 | 2021 | 2022 | 2023 | 2023 Rank |
|--|---|---|---|---|-----------|
| Oil and Gas | 18.0% | 18.5% | 19.0% | 18.8% | 1 |
| Real estate and rental and leasing | 11.9% | 12.5% | 12.1% | 12.2% | 2 |
| Construction | 8.4% | 8.4% | 8.6% | 8.1% | 3 |
| Manufacturing | 7.9% | 7.9% | 7.6% | 7.4% | 4 |
| Health care and social assistance | 6.4% | 6.8% | 6.6% | 6.7% | 5 |
| Professional, scientific and technical | 5.2% | 5.3% | 5.3% | 5.5% | 6 |
| Public administration | 5.3% | 5.5% | 5.3% | 5.3% | 7 |
| Wholesale trade | 4.8% | 4.9% | 4.9% | 5.1% | 8 |
| Transportation and warehousing | 4.7% | 4.3% | 4.1% | 4.6% | 9 |
| Finance and insurance | 4.3% | 4.6% | 4.4% | 4.4% | 10 |
| Retail Trade | 4.1% | 4.5% | 4.2% | 4.2% | 11 |
| Educational services | 4.1% | 4.1% | 4.0% | 3.9% | 12 |
| Tourism | 2.2% (15th) | 1.4% (18th) | 2.3% (14th) | 2.6% (13th) | 13 |
| Administrative, waste management | 2.6% | 2.3% | 2.3% | 2.3% | 14 |
| Information and cultural industries | 2.3% | 2.3% | 2.2% | 2.3% | 15 |
| Other services | 2.0% | 1.9% | 2.0% | 2.0% | 16 |
| Agriculture | 1.9% | 1.6% | 2.1% | 1.6% | 17 |
| Utilities | 1.5% | 1.5% | 1.4% | 1.5% | 18 |
| Accommodation and Food Services | 1.3% | 1.1% | 1.0% | 0.9% | 19 |
| Arts Entertainment and recreation | 0.4% | 0.2% | 0.2% | 0.4% | 20 |
| Mining and quarrying | 0.3% | 0.3% | 0.3% | 0.3% | 21 |
| Forestry and Logging | 0.1% | 0.1% | 0.1% | 0.1% | 22 |
| Management of companies | 0.3% | 0.1% | 0.1% | 0.1% | 23 |
| Total All industries (\$M) | \$326,213 | \$314,850 | \$331,489 | \$344,149 | |

Source: Derived by Verum from Statistics Canada. Table 36-10-0402-01

Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000).

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610040201>

⁹ Tourism GDP includes direct and indirect impacts. The constituent components of Tourism GDP were subtracted from their origin categories (i.e. accommodation and food services, retail trade, transportation, and arts, entertainment and recreation) to avoid double counting.

From an employment perspective, tourism was the 12th largest sector in 2023 – greater than wholesale trade, information and culture, agriculture and forestry (Table 7). With the exception of the 2021 pandemic year, Tourism employment has consistently increased in ranking relative to other sectors since 2019.

| Sector | 2019 | 2021 | 2022 | 2023 | 2023 Rank |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------|
| Health care and social assistance | 12.3% | 13.5% | 13.0% | 13.2% | 1 |
| Retail trade | 10.8% | 11.5% | 11.4% | 10.4% | 2 |
| Professional, scientific and technical services | 7.7% | 8.4% | 9.2% | 9.8% | 3 |
| Construction | 10.1% | 10.0% | 10.0% | 9.8% | 4 |
| Educational services | 6.5% | 7.4% | 7.1% | 6.6% | 5 |
| Manufacturing | 5.8% | 5.5% | 5.5% | 5.9% | 6 |
| Mining, quarrying, and oil and gas extraction | 6.0% | 6.2% | 5.6% | 5.4% | 7 |
| Finance, insurance, real estate, rental and leasing | 4.9% | 5.5% | 5.3% | 5.3% | 8 |
| Transportation and warehousing | 5.2% | 5.4% | 4.7% | 5.0% | 9 |
| Public administration | 4.9% | 4.6% | 4.5% | 4.6% | 10 |
| Accommodation and food services | 5.2% | 4.5% | 4.7% | 4.6% | 11 |
| Tourism | 3.6% (14th) | 2.3% (16th) | 3.7% (13th) | 4.2% (12th) | 12 |
| Other services (except public admin) | 4.5% | 4.2% | 4.0% | 4.0% | 13 |
| Wholesale trade | 3.9% | 3.3% | 3.7% | 3.9% | 14 |
| Business, building and other support services | 3.4% | 3.1% | 3.1% | 3.1% | 15 |
| Information, culture and recreation | 2.8% | 2.6% | 2.9% | 2.8% | 16 |
| Agriculture | 2.4% | 1.8% | 1.8% | 1.8% | 17 |
| Utilities | 1.0% | 0.8% | 0.8% | 0.8% | 18 |
| Forestry and logging and support activities for forestry | 0.1% | 0.1% | 0.2% | 0.1% | 19 |
| Total, all industries | 2,308,000 | 2,260,000 | 2,376,000 | 2,461,075 | |

Source: Derived by Verum Consulting from Statistics Canada. Table 14-10-0022-01 Labour force characteristics by industry, monthly, unadjusted for seasonality (x 1,000).

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002201>

Despite its strong contribution to GDP and employment across the province, the level of government funding support for the tourism industry is not commensurate with its economic contribution and potential. Table 8 presents select 2024-25 Ministry budgets and priorities to illustrate the financial support provided to the tourism industry relative to other industries in the province. The most notable comparisons are those that focus on supporting industries or sectors – namely oil and gas, agriculture and forestry.

¹⁰ Tourism employment includes direct and indirect impacts. The constituent components of Tourism employment were subtracted from their origin categories (i.e. accommodation and food services, retail trade, transportation, and information, culture and recreation) to avoid double counting.

Table 8: Government of Alberta, 2024 -25 Select Ministry Expenditure Budgets and Priorities (\$Millions)¹¹

| Ministry | Govt Spending | Select Priorities and Funding | |
|---------------------------------|---------------|--|--|
| Energy | \$1,048 | Economic recovery support 154 Orphan well abandonment 135 | Energy regulation 246 Carbon capture and storage 59 Resource development and management 91 |
| Agriculture and Irrigation | \$1,100 | Primary agriculture 151 Agriculture income support 90 | Trade investment and food inspection 36 Rural programming and agricultural societies 22 |
| Forestry | \$412 | Forests 213 | Lands 53 Hunting and angling 13 |
| Environment and Protected Areas | \$572 | Water 95 Emissions management 216 Land 32 Science and monitoring 75 | Fish and wildlife 68 Integrated planning 36 Air 12 Land use secretariat 7 |
| Jobs, Economy and Trade | \$389 | Work Force Strategies 130 | Economic development and trade 160 |
| Tourism | \$325 | Travel Alberta 83 Heritage 53 | Cultural Industries 16 Arts 33 Sport and Rec 52 Parks 127 |

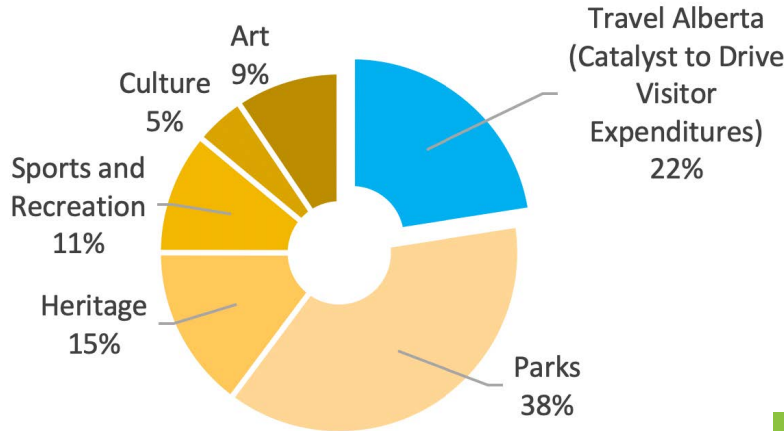
Source: Alberta budget 2021-2023. Ministry Business Plans and Budget. Available at: <https://www.alberta.ca/government-and-ministry-business-plans#jumplinks-2>

Upon initial review, what is striking is that the tourism industry, which is tasked to double revenues by 2035, received approximately \$82 million in funding support annually. When combined with culture, sports and recreation, arts, parks and heritage expenditures, this number increases to \$325 million (Figure 1). This is in contrast to other key industries in the province such as Energy (\$1,048 million), Forestry (\$412 million), and Agriculture (\$1,100 million).



¹¹ Note: Previous iterations of this table are not comparable due to historic GDP revisions made by Statistics Canada in November 2023.

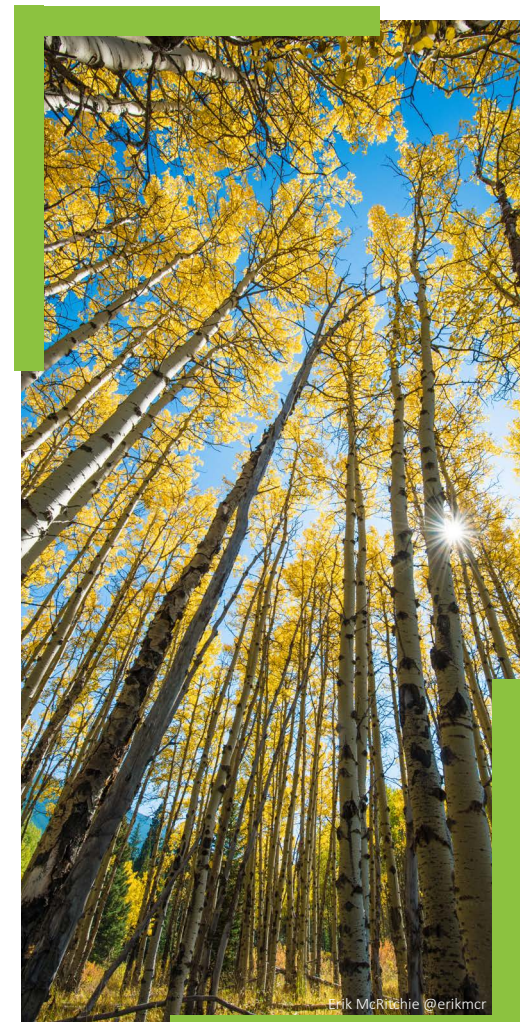
Figure 1: Govt Tourism Related Spending
2024-25 (\$325M)



Source: Government of Alberta

For clarity, expenditures on culture, sports and recreation, parks, arts and heritage are not technically considered tourism spending. While some aspects of recreation, sport, art, culture, heritage and parks do contribute to tourism by availing access to amenities that enhance the experience of visitors, the majority of provincial expenditures in these categories are not made, as their foundational purpose, to drive incremental spending within the tourism industry. Rather, government, to varying degrees, invests in and/or subsidizes the operations of these assets and experiences primarily to support and improve the quality of life of citizens in the communities in which they live.

Despite this broad definition, however, on a comparative economic and employment basis, the tourism sector remains substantially underfunded relative to other sectors in the economy (Table 9). For every job in the tourism industry, the government spends approximately \$3,100. Comparatively, the government spends approx. \$21,400 per job in agriculture, \$54,500 in forestry and \$7,200 in oil and gas.¹² At parity, this would translate into an additional \$423 million of government spending for tourism compared to energy, \$1.8 billion compared to agriculture and \$5.9 billion compared to forestry.



¹² Note the oil and gas industry gov't spending per GDP number is low due to the fact that the value-add offered by oil and gas investment is disproportionately higher than any other sector in the province. Oil and gas also has the highest labour productivity of any sector. Consequently, while its government funding per job is more comparable to tourism than the other sectors, the sector's government funding per \$ of GDP is substantially lower. See: [https://www.canadianenergycentre.ca/60-vs-700-per-hour-labour-productivity-in-oil-and-gas-extraction-compared-with-other-industries/#:~:text=Labour%20productivity%20in%20Canada's%20oil,economy%20\(see%20Figure%203\).](https://www.canadianenergycentre.ca/60-vs-700-per-hour-labour-productivity-in-oil-and-gas-extraction-compared-with-other-industries/#:~:text=Labour%20productivity%20in%20Canada's%20oil,economy%20(see%20Figure%203).)

Table 9: 2023 Government Funding Relative to Jobs and GDP Contribution by Industry

| Industry | GDP (\$M) | Jobs | Govt Spending: 2022-23 – 2024-25 Average (000s) | Govt Funding per \$000s of GDP | Govt Funding per Job |
|-------------|-----------|---------|---|--------------------------------|----------------------|
| Tourism | \$8,873 | 103,184 | \$325,087 | \$37 | \$3,151 |
| Agriculture | \$5,408 | 44,750 | \$957,507 | \$177 | \$21,397 |
| Forestry | \$442 | 3,600 | \$196,014 | \$443 | \$54,448 |
| Oil and Gas | \$64,725 | 133,742 | \$969,752 | \$15 | \$7,251 |

Source: Derived by Verum Consulting from Government of Alberta and Statistics Canada.

On average government spent 7 times more per job on agriculture relative to tourism, 17 times more on forestry and 2.3 times more on oil & gas (Table 10).



Tourism gets 85% less funding per job than agriculture, 57% less than oil & gas, and 94% less than forestry.

Travel Alberta / Jeremy Fokkens

Table 10: Govt Spending Per Job, Relative to the Tourism Industry

| | Agriculture | Forestry | Oil and Gas |
|---------|-------------|----------|-------------|
| 2023 | 6.8 | 17.3 | 2.3 |
| 2022 | 12.1 | 14.0 | 2.7 |
| 2021 | 8.9 | 16.6 | 1.7 |
| 2019 | 6.5 | 39.0 | 2.3 |
| Average | 8.6 | 21.8 | 2.2 |

While the ideal level of government spending on the tourism industry must ultimately be a function of the strategic investments needed to achieve its goal doubling tourism expenditures by 2035, this analysis illustrates the underfunding of the sector relative to its economic contribution compared to other industries, let alone its potential.

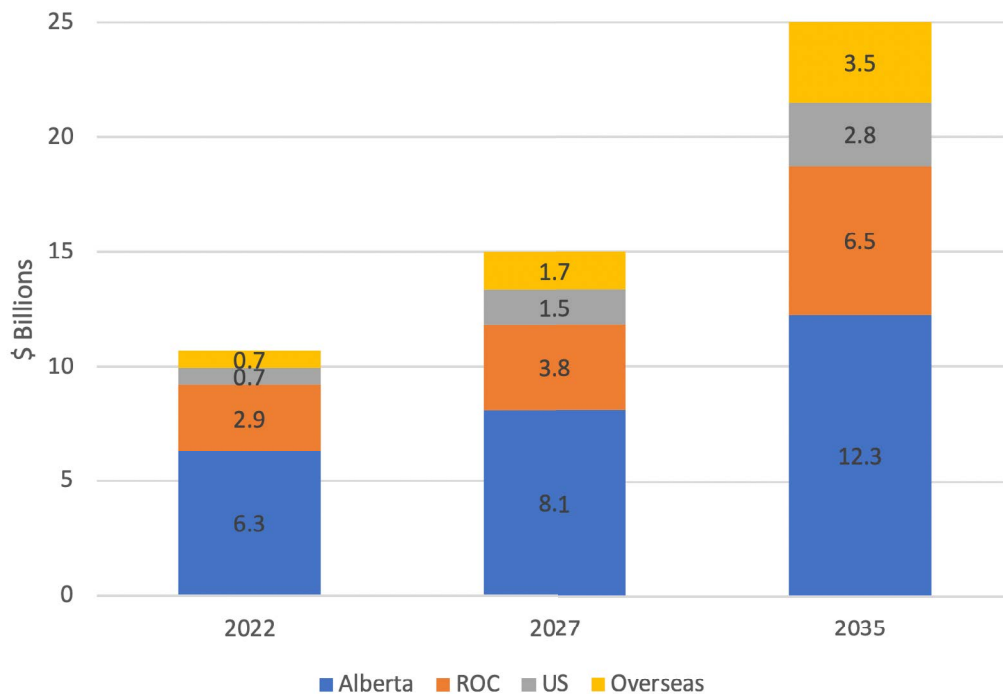
3

REACHING HIGHER GROUND

Amanda Dias @aminniedee

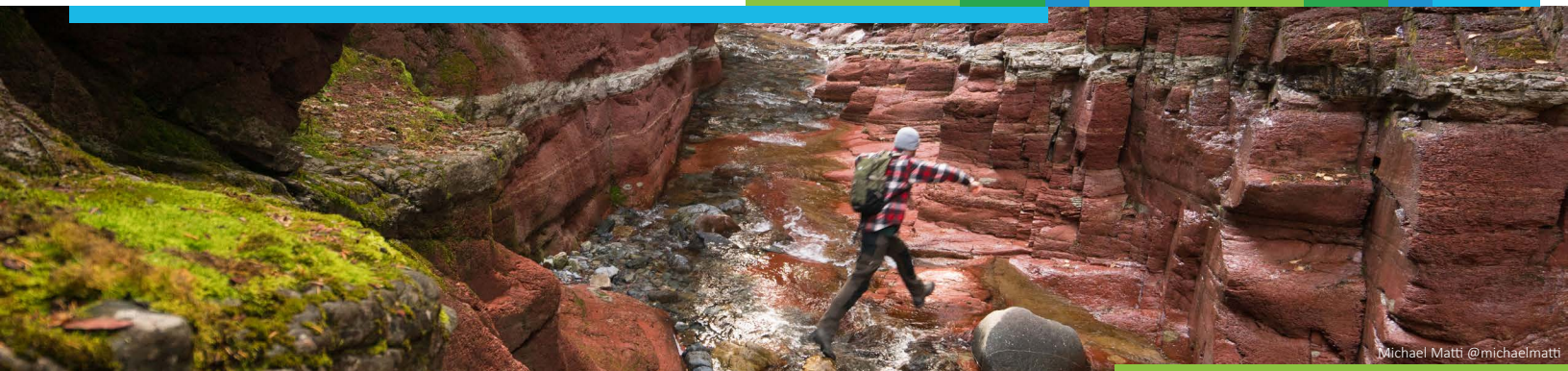
Through its *Higher Ground Tourism Sector Strategy*, the province has set an ambitious goal of growing tourism expenditures to \$25 billion by 2035.¹³

Figure 2: Higher Ground: Alberta Tourism Strategy Vision



The economic benefits of achieving this goal are compelling – \$21B in GDP, \$2.8B in taxes and 233,000 jobs. However, it also requires substantial effort and strategic investment – \$25B is equivalent to a 97% increase relative to 2023 visitor expenditures. On an annualized basis, this represents a 6% increase year over year from 2023 and 2035. The industry grew by 6.5% on average annually between 2019-23, so it is an achievable goal. However, it will require strategic and concerted efforts on the part of the province to ensure the sector offers the products and amenities needed to attract visitors and has the workforce capacity to do so.

¹³ Government of Alberta. 2024. Higher Ground: A Tourism Sector Strategy. Amplifying the Alberta Advantage for the Visitor Economy. P. 4. Accessed at: <https://open.alberta.ca/publications/higher-ground-tourism-sector-strategy#:~:text=The%20strategy%20focuses%20on%20five,visitor%20economy%20reaches%20new%20heights>



Michael Matti @michaelmatti

3.1 AN ALBERTA TOURISM EXPERIENCE TAX CREDIT ¹⁴

Successful implementation of the Alberta Tourism Sector Strategy will require the province to be able to compete with other jurisdictions. Whereas in 2019 Alberta’s expenditure deficit to BC was approximately \$1 billion (i.e. Albertans spend \$1 billion more in BC on tourism than they receive from BC visitors), that number increased to \$1.2 billion in 2022, and to \$1.5 billion in 2023. (Table 11). Had the 2023 gap closed to zero, Alberta’s spending would be \$14.2B in 2023 – a 33% annual increase.

| | 2019 | 2021 | 2022 | 2023 |
|------------------------------------|--------------|--------------|--------------|--------------|
| Alberta Visitor Expenditures in BC | \$1,571,844 | \$1,600,169 | \$2,018,907 | \$2,440,973 |
| BC Visitor Expenditures in AB | \$518,242 | \$547,669 | \$772,490 | \$930,159 |
| Alberta Deficit | -\$1,053,602 | -\$1,052,500 | -\$1,246,417 | -\$1,510,814 |

Source: TIAA, Statistics Canada National Travel Survey

While the province may never close the AB-BC visitor and expenditure deficit entirely, there is clearly significant opportunity in striving towards doing so by competing for tourism based on a comparable strategic policy approach and investment of resources in areas of existing, and potential tourism development. An over 21% increase in the year-over-year Alberta travel deficit with BC (2023 vs 2022) is indicative of Alberta’s eroding competitiveness in introducing new products and experiences to the market. Additionally, Albertans spent \$60 million more in the rest of Canada (outside of BC) than other Canadians spent here, bringing the total domestic deficit to nearly \$1.6B. Internationally, Albertans spent \$3.45 billion on visitor travel in 2022, but international expenditures in the province totalled \$1.53 billion – for a deficit of \$1.92 billion.^{16,17}

Closing the interprovincial expenditure deficit should be a key priority for government policy makers, as this is the first line of defense in reducing economic leakage into other jurisdictions and growing the tourism economy in the province – this could be a particularly effective strategy not only relative to BC, but also the US in the event trade relations become strained and it becomes less desirable for Albertan’s to travel there.

¹⁴ This section draws from TIAA’s 2024 Tourism Experience Tax Credit Report. Available at: <https://www.tiaalberta.ca/download/eJwFwQEKgCAMAMAXORWbab9Z2jKDYIen13u1qQxVo5r1OUHgUJQI2ftMrUHqzFQvvhZ0JiJOZYkoml3rjfHTMKdM6exiVf9GtF6Y=/TIAA%20TETC%20Report%202024%20-%20Apr%2024.pdf>

¹⁵ Statistics Canada National Travel Survey and Travel Alberta.

¹⁶ TIAA. 2024. State of the Industry. P 30. Available at: <https://www.tiaalberta.ca/download/eJwFwQsKgCAQBcATra4lYd3m!aMoU9qFoNM3s6sO2ayV4zpF8aiR2aDh6zdeMak3i4WTn8Dk2VXyqTgKDPmHmEgAOa4k!m5HrD9JIGD8=/TIAA%20SOI%20Report%202024%20Feb%201%20%28FINAL%29.pdf>

¹⁷ Travel Alberta. 2023. 2024-2027 Business Plan: Wheels Up. Available at: https://travalalberta-prod.dotcdn.io/contentAsset/raw-data/5a2a4789-791e-422e-9ac4-0b3322d898c8/fileAsset/Business%20Plan%202024-27_External.pdf

The Alberta government has recognized the importance of an integrated and strategic government approach to tourism development, and has recently passed the All-Season Resorts Act, which will create a new All-Season Resorts Branch in the Ministry of Tourism and Sport and will establish a clear and straightforward resort development approval process for proponents.¹⁸

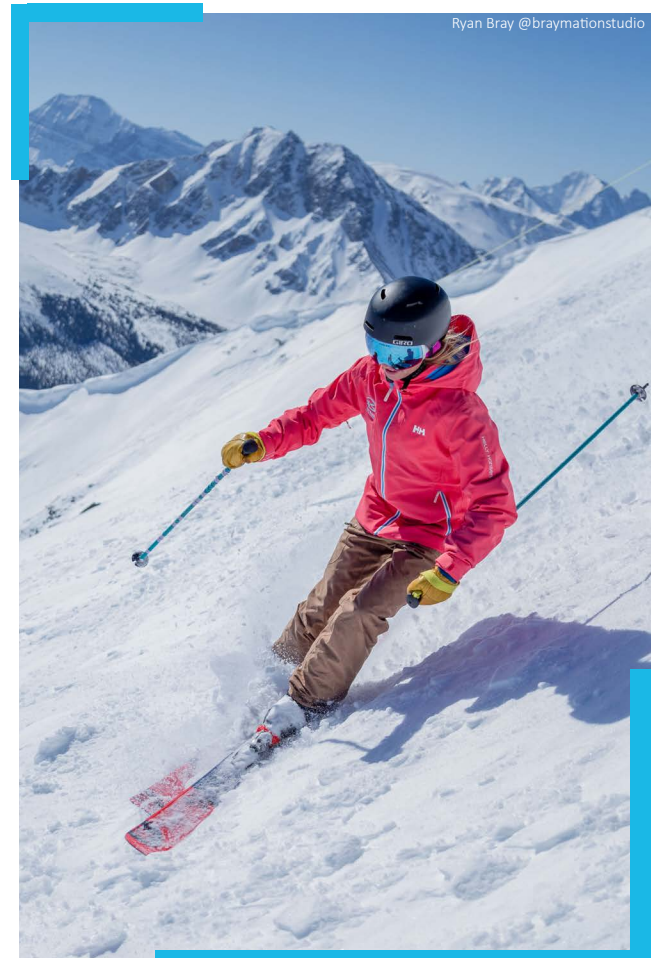
This is an essential element for enabling the development and expansion of Alberta’s tourism industry, which will provide the long-term certainty needed to attract investment. A similar approach adopted in BC in 2005 is widely recognized as critical in the success that British Columbia has experienced in the development of its tourism industry, which now stands at \$21B in annual visitor expenditures (Table 12).¹⁹

| | BC | Alberta |
|----------------|-----------|----------------|
| 2019 | \$22.3 | \$10.1 |
| 2022 | \$17.0 | \$10.7 |
| 2023 | \$21.3 | \$12.7 |
| 22-23 % Change | 25.3% | 18.7% |

Source: Travel Alberta, Canada West Ski Areas Association

Alberta’s inability to match BC’s purposeful development of its policy and regulatory environment supporting tourism has left the province greater than two-decades behind in building a competitive suite of products and services. Closing the gap with BC immediately gets the province 20% closer to its 2035 goal.

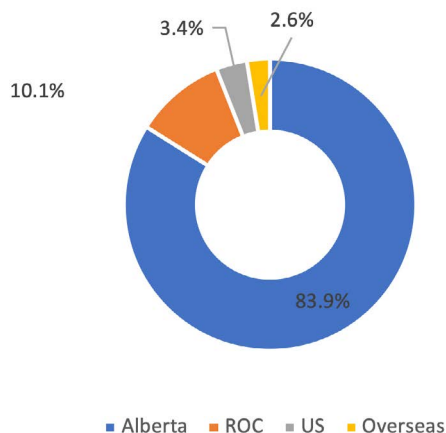
However, closing the BC-Alberta visitor expenditure gap requires a concerted effort to encourage Albertans to vacation within the province. Albertans currently account for 84% of total visitation in the province (Figure 3). Albertans also spend the least per trip of all visitors to the province. At \$215, Albertans spend 27% of what other Canadians spend, 17% of the average American, and 16% of the average overseas visitor (Table 13).



¹⁸ Government of Alberta. 2024. Developing all-season resorts across Alberta. Available at: <https://www.alberta.ca/developing-all-season-resorts-across-alberta>

¹⁹ Government of British Columbia, Ministry of Forests, Lands, Natural Resources Operations and Rural Development. Available at <https://www2.gov.bc.ca/gov/content/industry/natural-resource-use/resort-development>

Figure 3: 2023 Alberta Visitation by Source
(Total 32.7 million)



Source: Travel Alberta

| | Expenditures (Billions) | Visitors (Millions) | Expenditures per visitor (Millions) |
|----------|-------------------------|---------------------|-------------------------------------|
| Alberta | 6.8 | 31.7 | \$214.5 |
| ROC | 3.0 | 3.8 | \$789.5 |
| US | 1.6 | 1.3 | \$1,230.8 |
| Overseas | 1.3 | 0.963 | \$1,349.9 |
| Total | 12.7 | 37.763 | \$336.3 |

Source: Travel Alberta Tourism Indicators

<https://industry.travelalberta.com/research/tourism-indicators/>

Albertans are the primary source of visitor revenue to achieve Alberta's \$25B tourism expenditure stretch goal, and achieving the government targets will require that Albertans increase both in their number of visits per capita, as well as how much they spend per trip.

But Albertans also spend a considerable portion of their annual travel budgets on experiences elsewhere in Canada, the US and internationally. With an increasing focus on building the products and experiences Albertans covet, the province could accelerate more spending by Albertans by incentivizing Albertans to increase their per capita visitation and spending per trip, in concert with the execution of the Alberta Tourism Sector Strategy.

An Alberta Tourism Experience Tax Credit could be a significant catalyst to grow the province's domestic tourism market and leverage government and industry efforts to develop the industry's product offering across the province – thus supporting provincial efforts to achieve the ambitious vision for tourism expenditure growth.

Just as the province leaned-in to help build the province's film and television industry to an industry worth over \$1 billion and 9,000 jobs through the Alberta Film and Television Tax Credit ²⁰, an Alberta Tourism Experience Tax Credit could have a transformational impact in creating new businesses, jobs and additional tax revenue for the government.

²⁰ Global News. 2021. Alberta film and television tax credit brings \$1B in production since January 2020: Kenney. Accessed at: <https://globalnews.ca/news/8082018/kenney-film-tv-alberta-covid-19-changes/>

Moreover, taking a “Made in Alberta²¹” approach to tourism, similar to what the government has done to promote the province’s food and beverage industry, could readily raise awareness about Alberta tourism products and experiences and promote awareness of and support for Alberta-based tourism businesses, and jobs.

Unlike other policy instruments government might consider stimulating a desired economic outcome, a refundable tax credit is only paid by government on the back end of a consumer purchase, thus ensuring government only pays-out on having received the incremental economic benefit. Additionally, the government could offer a tourism discount scheme for tourism products and experiences in provincial parks during off-peak months as a complimentary approach.

3.2 THE CASE FOR INVESTMENT IN ALBERTA TOURISM PRODUCTS AND AMENITIES

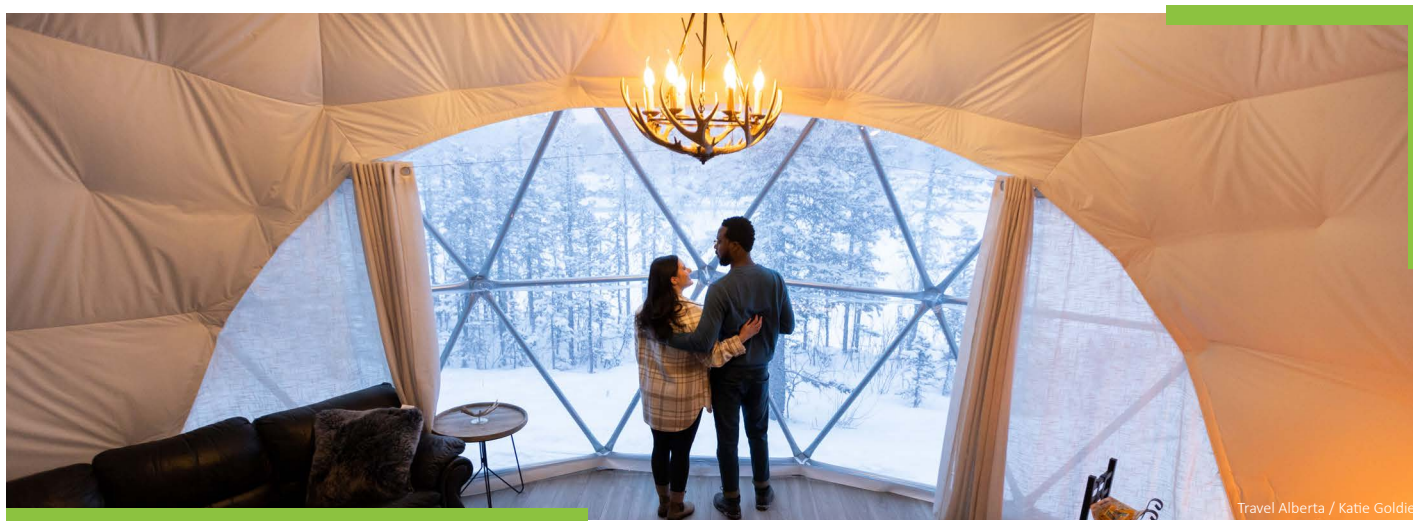
In addition to the All-Season Resorts Act and supporting policies, growing the industry requires creating additional competitive tourism products and experiences for visitors to enjoy.

In 2019 the Alberta government made what could be considered unprecedented policy commitments to support the tourism sector, one of the most notable was to reorient Travel Alberta from a destination marketing organization to a destination management organization with a mandate for more active facilitation of private investment and government partnership in the industry.

Travel Alberta has embraced its mandate as a destination management organization and is using the approximate incremental \$20 million in annual funding over three years to support targeted, private sector catalyzing investments, based on an assessment of high potential opportunities in select regions across the province.

Its 2024-27 business plan destination development priorities include:

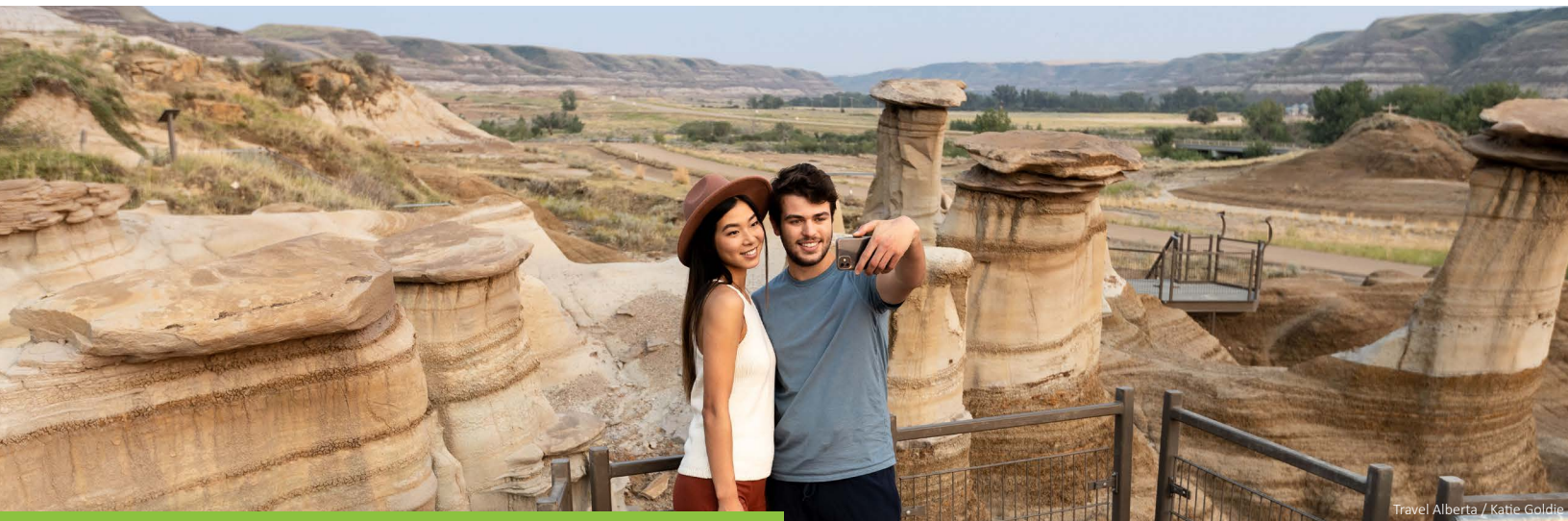
- Stimulate growth across select destinations and tourism businesses.
- Attract and facilitate private sector investment.
- Enable tourism businesses to launch and prosper.



Travel Alberta / Katie Goldie

²¹ Government of Alberta, Made in Alberta. Available at: <https://madeinalberta.co/about/>

²² Travel Alberta. 2024. 2024-27 Business Plan: Wheels Up. Available at: https://travalalberta-prod.dotcdn.io/contentAsset/raw-data/5a2a4789-791e-422e-9ac4-0b3322d898c8/fileAsset/Business%20Plan%202024-27_External.pdf



Travel Alberta / Katie Goldie

Through its investment attraction programs, Travel Alberta offers funding to tourism businesses and investors to de-risk and attract tourism investments across all areas of the province.

By purposefully creating the authentic, nature-based and sustainable tourism products and experiences that visitors desire, local economies will be stronger, supporting more year-round businesses and persons employed in the visitor economy. These new and timely products and experiences that come on stream will drive additional visits, longer stays, and more spending per trip.

This effort could not have come at a more important time. In 2024 the World Economic Forum ranked Canada in 11th place on its Travel and Tourism Development Index (TTDI), which measures “the set of factors and policies that enable the sustainable development of T&T”.²³ Canada used to be in the top 10 of this ranking, and Destination Canada has set a goal for Canada to be in 7th place by 2030.²⁴

However, to raise Canada’s international tourism investment attractiveness ranking, Canada needs to overcome a number of key challenges. Specifically, Canada scores poorly on demand sustainability, availability of cultural resources, prioritization of T&T, openness to T&T and price competitiveness.²⁵ These terms are defined below:

- **T&T Demand Sustainability:** Measures factors that may indicate the existence of, or risk related to, overcrowding, demand volatility and other potentially unsustainable demand trends.
- **Cultural Resources:** Measures the availability of cultural resources such as archaeological sites and entertainment facilities. To an extent, this pillar captures how cultural resources are promoted and developed rather than the actual existing cultural heritage of a country.
- **Prioritization of T&T:** Measures the extent to which the government actively promotes, tracks and invests in the development of the T&T sector.
- **Openness to T&T:** Measures how open a country is to visitors and facilitating cross-border travel.
- **Price Competitiveness:** Measures how costly it is to travel or operate in a country.

²³ World Economic Forum. 2024. Travel and Tourism Development Index. May. Available at: https://www3.weforum.org/docs/WEF_Travel_and_Tourism_Development_Index_2024.pdf

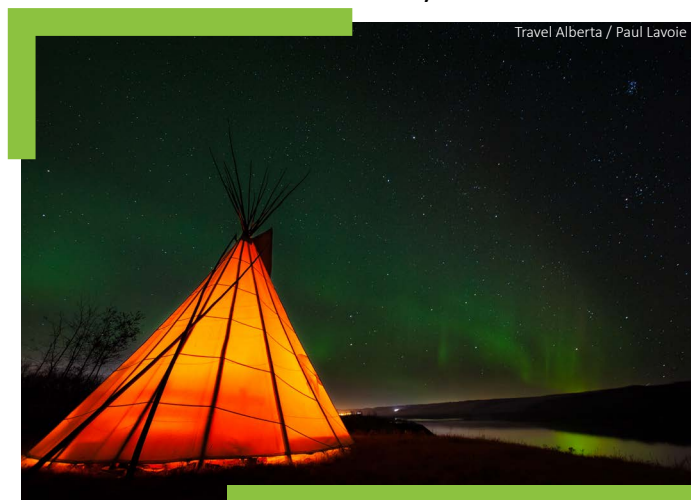
²⁴ Radio Canada. 2024. Canada wants to be in the top 10 global tourism destinations — but it’s struggling to get there. August. Available at: <https://ici.radio-canada.ca/rci/en/news/2094148/canada-global-tourism-top-10>

²⁵ World Economic Forum. 2024. Travel and Tourism Development Index. May. P 32. Available at: https://www3.weforum.org/docs/WEF_Travel_and_Tourism_Development_Index_2024.pdf

The lack of demand sustainability, cultural resources and government prioritization are all factors within direct control of the Alberta government.

Fragile demand sustainability can be addressed by expanding visitor hosting capacity/ accommodation in the province, while increasing cultural resources can be achieved by expanding the visitor experience offerings. The list below is a summary visitor experiences/ trip anchor driver that are desired by international visitors to Alberta: ²⁶

- Northern Lights
- Natural Attractions Like
- Mountains
- Nature Parks
- Hiking or Walking in Nature
- Viewing Wildlife
- Exploring Indigenous culture traditions or history
- Guided Train Tours
- Snowshoeing or Cross-Country Skiing



Travel Alberta / Paul Lavoie

In Alberta, the primary tourism destinations are Calgary, Edmonton and the Rockies. These are established visitor centres and business case for tourism investment in these areas is well-established. However, outside of these major visitor centres, the case for investment is less well established and, therefore, involves higher risk.

Strengthening demand sustainability and increasing cultural resources can both be addressed through strategic government levers to both promote and financially de-risk these investments.

Through its strategy to achieve government’s goal to increase visitor expenditures to \$25B by 2035, Travel Alberta has recognized that accommodation investments are demand drivers and that 7,000 more rooms will be required to meet this objective. ²⁷ This is equal to the number of rooms that came into the market over the last 10 years.

To understand the economic viability of accommodation investments in Alberta, Travel Alberta commissioned CBRE Hotels and CBRE Tourism Consulting (“CBRE”) to “undertake an Accommodation Development Assessment for the province of Alberta. This project was designed to review Travel Alberta’s initial analysis of the provincial accommodation sector and room supply gap analysis...and provide recommendations relative to the areas of the highest potential for new supply across the province.” ²⁸. Key product offerings considered include luxury ecolodges, resort hotels, motel redesigns and luxury glamping products.

²⁶ Source: Travel Alberta. 2024.

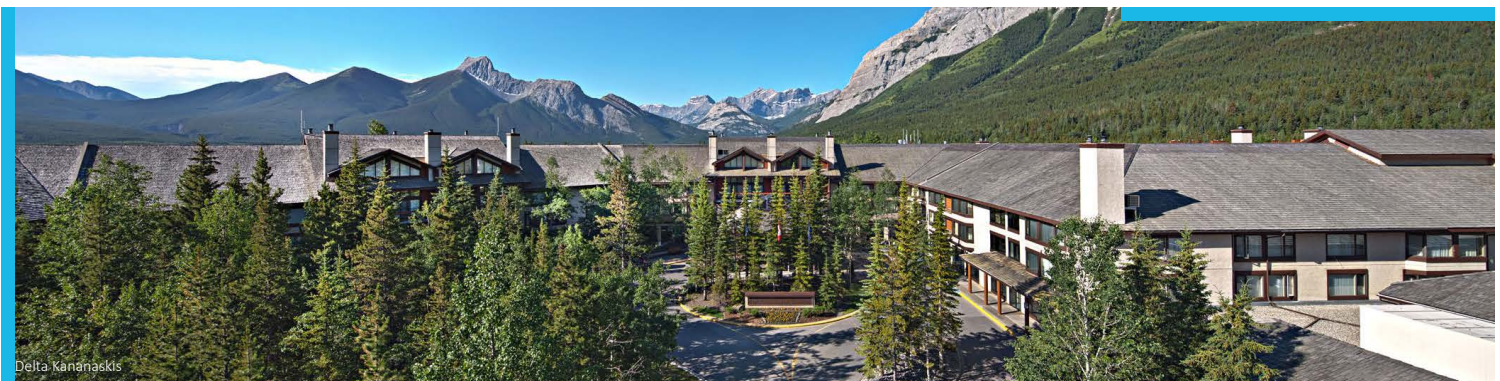
²⁷ Travel Alberta. 2024. From Recovery to Resilience & Onward. Presentation to AHLA Ascend Conference.

²⁸ CBRE. 2024. Final Report: Luxury Ecolodge Hinton Investment Package. Prepared for Travel Alberta.

Three near-term viable projects evaluated by CBRE include a luxury ecolodge and two resort hotels, representing a total of 360 new hotel rooms, which have the potential to generate significant economic benefits (Table 14).

| Property Type | Location | Rooms | Cost per Room | Total Construction Cost | Construction GDP | Construction Jobs | Construction Tax Revenues |
|-----------------|------------|-------|---------------|-------------------------|------------------|-------------------|---------------------------|
| Luxury Ecolodge | Hinton | 80 | \$500,000 | \$40,000,000 | \$40,920,000 | 342 | \$1,400,000 |
| Resort Hotel | Drumheller | 80 | \$500,000 | \$40,000,000 | \$40,920,000 | 342 | \$1,400,000 |
| Resort Hotel | Kananaskis | 200 | \$500,000 | \$100,000,000 | \$102,300,000 | 855 | \$3,500,000 |
| Total | | 360 | \$1,500,000 | \$180,000,000 | \$184,140,000 | 1,538 | \$6,300,000 |

Source: CBRE, Statistics Canada



In addition to the construction related benefits \$184 million in GDP, 1,500 jobs and \$6.3 million in taxes, these projects will attract additional visitors and increase visitor spending in the province over time. Assuming 57% occupancy, an average daily room rate of \$519 (as per CBRE estimates)²⁹ and a completion date of 2029, these units would generate an additional \$178 million in visitor spending annually, and \$1.1 billion cumulatively to 2035.³⁰

While these specific projects are economically viable, these and other viable projects need investors to become a reality. Through its investment attraction programs, Travel Alberta markets these projects and provides catalytic stimulus of up to \$500,000 per project help investors de-risk these and other economically viable tourism projects across the province.

What is needed is additional funding for Travel Alberta to attract investors and help de-risk viable tourism projects to grow Alberta’s tourism amenity base. This, in combination with the provincial Higher Ground Strategy and enabling legislation and policies are what is necessary to drive investment and grow visitor expenditures to achieve the province’s ambitious 2035 goal.

One potential funding source is the Alberta Tourism Levy (ATL), which was established in 2005 as a 4 per cent surcharge on all temporary fixed roof accommodation in Alberta. The original intent was that 100% of the revenue collected would be dedicated to the ministry responsible for tourism, however, this has changed over time. Prior to 2015, Travel Alberta received between 70-80% of the levy revenues as the destination marketing agency. Since then, the formal linkage between Travel Alberta’s budget and the tourism levy has ceased.

²⁹ CBRE. 2024. Final Report: Luxury Ecolodge Hinton Investment Package. Prepared for Travel Alberta. P 16

³⁰ Assumes accommodation is 22% of total visitor spending

There is a compelling case for allocating the full value of the Tourism Levy to Travel Alberta (or allocating an equivalent funding envelope) given that the government recently expanded the organization’s mandate to that of a destination management organization. In 2024 the levy generated \$118 million in revenue.

Recognizing that the dedication of the ATL to support the Travel Alberta Corporation will still fall short of the needed government financial supports to generate \$25B in travel related expenditures by 2035, the government would be well-served to commit, through budget appropriations, an additional funding tranche of no less than \$60M/year over the next 5-years, to catalyze private sector investment, to support infrastructure and new destination development, and, to further address structural supply challenges, such as air route development and tourism career awareness and labour force development. The total annual incremental funding of \$178 million represents a fraction of the economic benefits associated with achieving the government’s \$25B 2035 goal.

3.3 TOURISM INDUSTRY WORKFORCE HOUSING STRATEGY ³¹

Alberta’s visitor economy currently employs approximately 100,000 Albertans; however, it is forecast that to reach the \$25B target by 2035 more than 100,000 additional employees will be required. From a sectoral perspective, over 32,000 new positions will be in food and beverage, 23,000 in transportation, 20,000 in accommodation, 14,000 in recreation and 10,000 in clothes, gifts and other. Calgary and Edmonton are expected to need approximately 30,000 and 26,000 new employees respectively, while the Canadian Rockies will require 18,500 new employees.

Housing affordability is an essential component in solving the industry’s labour shortages. While this is a strategic challenge facing many sectors of the economy, it is a structural issue within the tourism sector.

Employees in tourism related industries such as accommodation, arts, entertainment and recreation have a housing price to income ratio of between 12 to 13. For food and beverage employees, the value is significantly higher at 19. This compared to the economy as a whole at 7.

That said, the tourism industry is unique in that it provides a significant proportion of compensation in the form of non- wage benefits, including non-market housing, discounted or free meals, employee discounts on products and gratuities for food service employees. Combined, these benefits contribute an additional 20 to 30% to income which, while a substantial increase to the base wage, still leaves the industry in a structural disadvantage relative to other sectors.



Travel Alberta / Cooper & O’Hara Photography

³¹ This section draws from the findings of TIAA’s Industry Housing Strategy Report: Tourism Industry Association of Alberta. 2024. An Alberta Tourism Industry Workforce Housing Strategy. Available at: <https://www.tiaalberta.ca/download/eJwFwQsKgCAMANATbTr8pN1mqVGUGW0QdPre21RvmY2R@TxE!VEUh9z5Gxe@gmV0422wFFyBZDmCr95CoqUBNddyoJin0vCu6w!83hdj/TIAA%20Alberta%20Tourism%20Industry%20Workforce%20Housing%20Strategy.pdf>

In fact, there are various roles within the industry (such as supervisors, managers, senior leaders) that command salaries that are well above those of entry-level employees. However, even these individuals struggle to find affordable housing in their communities. In effect, building tourism careers requires access to affordable accommodation.

The key workforce housing challenges confronting the tourism industry in Alberta are driven by a number of factors, including:

- Market demand driving price appreciation due to strong population growth, a strong economy and high demand for primary and recreational housing.
- Increased investment demand for short term rental accommodation which competes with full time residents for housing supply.
- The seasonal nature of the industry, which creates demand for housing accommodation during peak seasons for travelling resort workers exploring resort destinations for an interim period. It is this segment that is best served by employee housing offerings provided by employers/ the municipality etc.
- Limited supply of entry level housing/ housing to accommodate young individuals and families looking to build a career in the industry. This segment is perhaps the most poorly served in the housing market (particularly in tourism communities, as these groups seek affordable higher quality offerings, and their needs are not generally met through employee housing.
- Limited economics of purpose-built rental accommodation due to limitations on employer deductions for employee lodging and challenged project economics relative to condominium developments.
- Zoning and community densification/ development limitations that prevent critical new housing supply for being brought to market.
- Limited access to transportation, which is an essential requirement in well-planned resorts and in cities with successful tourism industries. Convenient and affordable transportation options are necessary for attracting and retaining tourism employees as well as visitors to tourism destinations.

Established resort destinations such as Banff, Canmore and Jasper have significant land supply constraints and tend to attract a more mobile worker population (e.g. international workers) compared to major urban centres such as Calgary and Edmonton. Employers in tourism-based communities are or are more likely to provide some form of living accommodation for staff, often in conjunction with the direction of the municipality. Tourism is also a major industry in Alberta's urban centres. At \$3 billion in expenditures, the Calgary area is the largest tourist region in the province, while Edmonton is second at \$2.5 billion.

Unlike tourism-based communities where employment is principally oriented around supporting the local tourism economy, tourism employers in economically diverse, urban centers do not offer staff accommodation housing to near the same extent as tourism-based communities, which leaves employees more exposed to tight housing market conditions.

Governments at all levels are prioritizing housing affordability:

- Alberta’s tourism municipalities are already seeking to address housing affordability through a variety of tools including staff housing requirements, direct funding, purpose-built rental incentives, freezing new tourist home developments and applying differential taxes on vacant properties.
- Calgary, Edmonton and Banff have undertaken substantive efforts to strengthen housing supply through city-wide zoning reforms that permit higher density housing in residential areas.
- The federal government has significantly prioritized housing affordability in its 2024 Canada’s Housing Plan and subsequent Federal Budget, and
- The province has several affordable housing programs and is advancing a 10-year affordable housing strategy that seeks to support 82,000 households in the province.
- The Town of Jasper was tragically devastated by wildfire this summer. Approximately one third of the Town was destroyed. It is imperative that a comprehensive strategy involving the Town, the province, the federal government and industry be advanced to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its residential properties.

The increased focus of tourism as a priority in urban centres creates an increased impetus for industry specific housing and labour solutions to be advanced in these centres. The industry faces similar structural challenges in urban centres as it does in tourism-based communities – albeit to a lesser degree. Key best practices that could be applied in tourism-based communities and urban centres include:

- Municipal Housing Authority
- Community Land Trust (CLT)/ Co-operatives
- Land Use Policy
- Tax/ Fiscal Policies
- Industry Direct Housing Provision or
- Combination of Tools

The critical element from a tourism industry perspective is ensuring the industry, the province and the municipality co-invest to create the housing solutions needed to meet workforce needs.

While governments at all levels are streamlining housing approval processes and providing funding/resources to support housing supply and affordability, tourism industry employees are disproportionately disadvantaged relative to other sectors of the economy as a higher percentage of take-home income goes toward securing housing needs.

For the province to be successful in increasing tourism expenditures to \$25 billion by 2035, it needs to develop a specific government housing support strategy for the industry that is aligned to the growth goals of legacy tourism destinations, tourism development zones, and resorts.

This is a critical lynchpin in supporting the attraction, retention and career development of a deep and rich tourism industry labour force.



4 POLICY RECOMMENDATIONS

The Alberta tourism industry presents significant opportunity for economic prosperity and job creation across all regions of the province. The industry is well-positioned for growth and expansion based off a strong foundation, and the Alberta government can take a leadership role in further supporting the industry in realizing the substantial economic upside from growing tourism expenditures to \$25B in the province. To this end, this report offers the following recommendations:

4.1 STRATEGIC RESOURCING

Commit the necessary resources to achieve the provincial goal of growing tourism expenditures to \$25B by 2035 by immediately committing the full annual intake revenues generated through the Alberta Tourism Levy to Travel Alberta to support its role as a destination management organization, including the following amendments to the *Tourism Levy Act* and *Tourism Levy Regulation*:

Amending the definition section 1(1) of the *Tourism Levy Act* to include a new definition 1(1)(a) “tourism marketing and development” which would read: “tourism marketing and development” means approved tourism marketing and development efforts led by the province’s designated destination management organization, Travel Alberta Corporation.

Amending definition section 1(a) of the *Tourism Levy Regulation* 398/87 to read: “Act” means the *Tourism Levy Act* which exists to support approved tourism marketing and development efforts led by the province’s designated destination management organization, Travel Alberta Corporation.

Recognizing that the dedication of the ATL to support the Travel Alberta Corporation will still fall short of the needed government financial supports to generate \$25B in travel related expenditures by 2035, the government would be well-served to commit, through budget appropriations, an additional funding tranche of no less than \$60M/year over the next 5-years, to catalyze private sector investment, to support infrastructure and new destination development, and, to further address structural supply challenges, such as air route development and tourism career awareness and labour force development.

4.2 ALBERTA TOURISM EXPERIENCE TAX CREDIT

Introduce a refundable “Alberta Tourism Experience Tax Credit” program as a 3-year pilot with the following features:

- Set at 20%, up to a maximum value of \$500 per household (\$2,500 household spend) and \$250 per individual (\$1,250 individual spend).
- Applied to expenditures on accommodation, daily admissions, gear rentals, food and beverage, and parking for trips a minimum of 40km distance one-way.
- The credit would only be available for trips taken between October and May, to encourage off-peak tourism.
- Supplemented with promotional programs to encourage Albertans to visit new locations and experiences.
- This approach would not only encourage Albertans to spend above existing levels, but with the right promotional and marketing supports in place, would also incent them to direct tourism spending from other jurisdictions into new and developing tourism areas during off-peak travel months.
- Over a 3-year pilot period, it is expected that Albertans’ incremental tourism spending could be heavily influenced by the existence of the tax credit, which could help generate upward of \$1.3 billion in incremental spending. This spending would be distributed across all regions throughout the year, with government’s expected cost of the travel tax credit being in the order of \$200M annually.
- As Alberta’s experience with the Film and Television Tax Credit has demonstrated, a purpose-built, refundable tax credit that incentivizes incremental tourism activity would be transformational for Alberta in achieving its bold economic vision for tourism in the province.

The ATETC could double local tourism spending to \$12 billion by 2035, boosting off-peak travel and supporting jobs year-round.



4.3 TOURISM INDUSTRY HOUSING STRATEGY

Work with industry and municipalities to develop a province-wide tourism industry workforce housing strategy in support of its strategic efforts to increase tourism expenditures to \$25 billion by 2035.

This strategy should include a focus on partnering with industry to remove barriers and advance the development of employee housing in the industry. Key initiatives include:

- Set the board and lodging employee deduction limitations under Alberta's Employment Standards Code for industry lodging and accommodation to be closer to market price for the tourism industry to remove disincentives to investing in needed employee-provided housing supply.
- Explore having municipalities partner with industry through housing cooperatives, trusts and/ or other mechanisms to support the provision of tourism employees housing, including through land donations, access to municipal finance rates, differential tax rates, transportation infrastructure investments and regulatory streamlining for industry housing projects.
- Develop best practices guide/ framework for the development of new resorts in Alberta, including workforce and transportation planning provisions and regulatory approval processes in government all-season resort development policies.
- Develop a policy and regulatory framework for short term rental accommodations that ensures they compete on a level playing field with traditional hotels, including establishing comparable tax rates, health and safety requirements, inspections, and licensing/ registration.
- Travel Alberta incorporate workforce planning and employee housing supply considerations in the development of its tourism development zone strategies and overarching provincial tourism strategy.
- Industry undertake strategic efforts to strengthen their workforce planning and retention policies with a focus on viewing labour as an investment rather than a cost and incorporating the long-term cost savings and reputational benefits associated with retaining employees into their business plans.
- Develop an inter-governmental comprehensive strategy to enable the Town of Jasper to recover and rebuild its employee housing stock in addition to its permanent residential properties.
 - This strategy would ideally involve all levels of government and include funding and land allocations to expedite construction workforce housing, zoning and densification reforms to expedite building processes and incent densification, as well as grants, loans and other programs to support the community and industry in returning to pre-disaster operations.



5

APPENDIX

Travel Alberta/Anthony Redpath

5.1 ECONOMIC IMPACT METHODOLOGY

Table 15: Alberta Tourism Expenditures by Component

| | 2019 | 2021 | 2022 | 2023 |
|-----------------------------------|-------|-------|-------|-------|
| Accommodation and Food Services | 45.5% | 45.7% | 46.1% | 46.0% |
| Arts Entertainment and recreation | 9.3% | 9.5% | 10.1% | 9.8% |
| Transportation and warehousing | 33.1% | 32.8% | 35.7% | 34.5% |
| Retail Trade | 12.0% | 12.0% | 8.2% | 9.6% |

Source: Statistics Canada, Travel Alberta

These expenditure breakouts by category are used to quantify the economic impacts of the industry using Statistics Canada’s *Detailed Economic Input-Output (IO) Multipliers*,³² which are developed based on Statistics Canada supply and use tables that measure linkages in the economy.³³ The multipliers estimate the direct, indirect and induced GDP, jobs, and taxes generated by tourism expenditures in each category.

■ **Direct impacts** are first level impacts resulting from the expenditure. They measure the impact in industries that are immediately affected. Tourism examples include hotel accommodations, restaurants and meals, recreation facilities, car rentals, flights etc.

■ **Indirect impacts** are secondary, and generated from linkages between industries in the economy – especially suppliers to the directly impacted businesses. Examples include hotel linen and food suppliers, repair and renovation services, fuel and utilities, wholesale suppliers and food manufacturing. Publicly reported GDP estimates generally include direct and indirect impacts.

■ **Induced impacts** capture the income effect of the expenditures. That is, they measure the impact of the incremental consumption in the economy due to the additional wages earned from the direct and indirect impacts.

For the tourism industry, the publicly available input output tables require some customization/ calibration to better reflect its unique attributes. Statistics Canada has created a customized IO model for both Parks Canada and Travel Alberta to measure tourism impacts.³⁴

³² Statistics Canada. 2022. Economic Input Output Multipliers, Provincial and Territorial, Detailed Level. 2018 version. Available at <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610059501>

³³ “The supply and use tables trace the production of products by domestic industries, combined with imports, through their use as intermediate inputs or as final consumption, investment or exports.” Statistics Canada. 2022. Available at: <https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=1401>

³⁴ See Parks Canada. 2022. <https://www.pc.gc.ca/en/agence-agency/bib-lib/rappports-reports/iepc-eipc-2018-19>

These models generate significantly higher net tax revenues from tourism, and significantly lower GDP and employment benefits, compared to the publicly available Statistics Canada IO tables.

This difference in GDP and jobs stems from the fact that a portion of visitor expenditures are on goods that are imported (from outside of province or country), which have a much smaller value-adding contribution to the economy. The tax revenues are higher because publicly available IO tables do not take into account the taxes paid by the consumers of their final goods and services produced in the economy.³⁵

5.2 DETAILED ECONOMIC IMPACT RESULTS

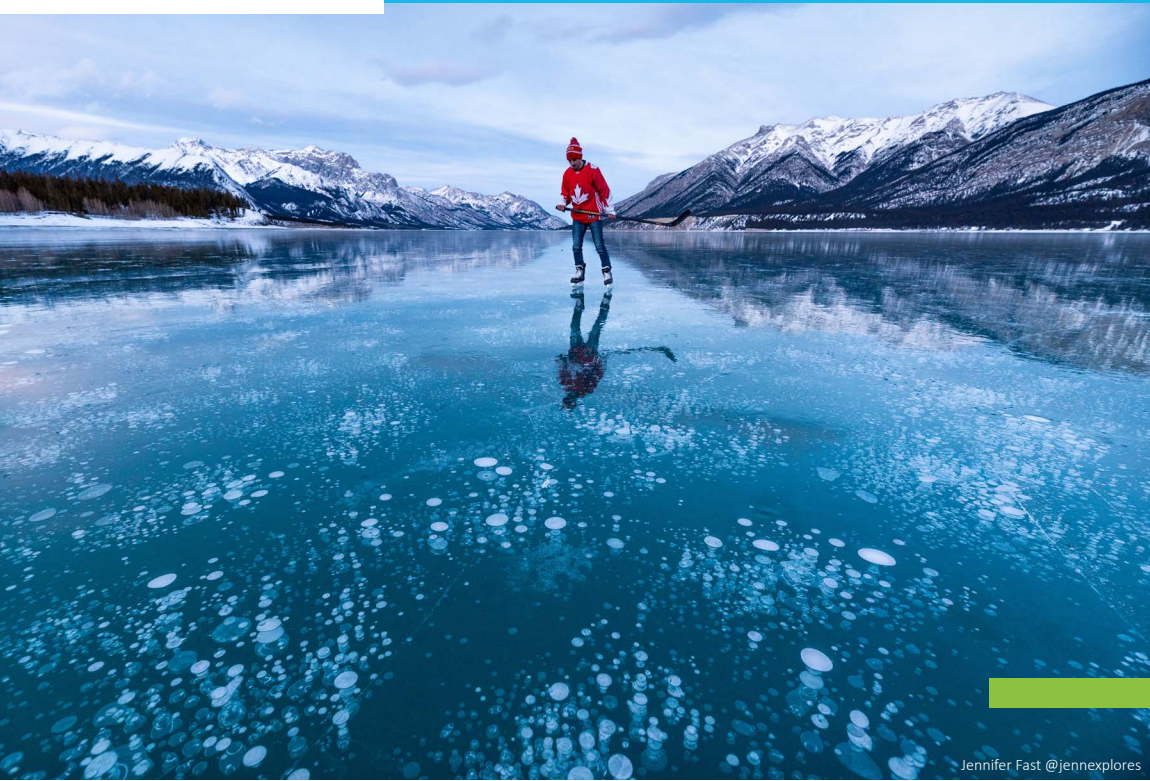
| | Category | Expenditures (000) | GDP (000) | Jobs | Taxes (000s) | Labour Income (000s) |
|---------------|------------------------------|---------------------|---------------------|----------------|--------------------|----------------------|
| Domestic | Accommodation | \$1,640,000 | \$1,430,000 | 14,000 | \$237,000 | \$837,000 |
| | Clothes Gifts and Other | \$980,000 | \$891,000 | 11,600 | \$73,500 | \$519,000 |
| | Food and Beverage | \$2,350,000 | \$1,990,000 | 29,500 | \$249,000 | \$1,420,000 |
| | Recreation and entertainment | \$933,000 | \$835,000 | 12,200 | \$180,000 | \$617,000 |
| | Transportation | \$3,870,000 | \$3,210,000 | 23,600 | \$345,000 | \$1,570,000 |
| International | Accommodation | \$1,120,000 | \$975,000 | 9,550 | \$161,000 | \$569,000 |
| | Clothes Gifts and Other | \$242,000 | \$220,000 | 2,870 | \$18,100 | \$128,000 |
| | Food and Beverage | \$713,000 | \$561,000 | 8,800 | \$86,400 | \$408,000 |
| | Recreation and entertainment | \$306,000 | \$274,000 | 3,990 | \$58,900 | \$202,000 |
| | Transportation | \$500,000 | \$368,000 | 2,450 | \$47,400 | \$206,000 |
| Total | Accommodation | \$2,760,000 | \$2,410,000 | 23,600 | \$399,000 | \$1,410,000 |
| | Clothes Gifts and Other | \$1,220,000 | \$1,110,000 | 14,500 | \$91,600 | \$647,000 |
| | Food and Beverage | \$3,060,000 | \$2,550,000 | 38,300 | \$336,000 | \$1,820,000 |
| | Recreation and entertainment | \$1,240,000 | \$1,110,000 | 16,200 | \$238,000 | \$819,000 |
| | Transportation | \$4,370,000 | \$3,580,000 | 26,100 | \$392,000 | \$1,780,000 |
| | Total | \$12,700,000 | \$10,800,000 | 119,000 | \$1,460,000 | \$6,470,000 |

Travel Alberta. 2022. <https://www.alberta.ca/alberta-visitor-profiles.aspx>

³⁵ As a point of validation, the GDP and employment results of the input-output analysis were compared to Statistics Canada’s 2017 Provincial and Territorial tourism Satellite Account, which “is the internationally accepted framework used to measure tourism activity in an economy. It follows the international guidelines adopted by the United Nations Statistical Commission and is rooted in the Canadian System of National Accounts.” Available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/210429/dq210429b-eng.htm#:~:text=The%20Tourism%20Satellite%20Account%20is,Canadian%20System%20of%20National%20Accounts>. Data Tables available at: <https://www150.statcan.gc.ca/n1/pub/71-607-x/2018011/tourism-tourisme-eng.htm?view=contribution>. The results compare favourably, with Statistics Canada estimating 2019 GDP and employment as 1.7 and 3.6 per cent of the Alberta economy respectively, while this report estimates GDP and employment values at 2.2 and 3.6 per cent respectively, for 2019.

5.3 HISTORIC GOVT FUNDING BY SECTOR DATA

| 2023 | Industry | GDP (\$M) | Jobs | Govt Spending: 2022-23 – 2024-25 Average (000s) | Govt Funding per \$000s of GDP | Govt Funding per Job |
|-------------|-----------------|------------------|-------------|--|---|-------------------------------------|
| | Tourism | \$8,873 | 103,184 | \$325,087 | \$37 | \$3,151 |
| | Agriculture | \$5,408 | 44,750 | \$957,507 | \$177 | \$21,397 |
| | Forestry | \$442 | 3,600 | \$196,014 | \$443 | \$54,448 |
| | Oil and Gas | \$64,725 | 133,742 | \$969,752 | \$15 | \$7,251 |
| 2022 | Industry | GDP (\$M) | Jobs | Govt Spending: 2021/22 – 2023/24 Average (000s) | Govt Funding per \$000s of GDP | Govt Funding per Job |
| | Tourism | \$7,567 | 87,134 | \$301,197 | \$40 | \$3,457 |
| | Agriculture | \$6,952 | 43,000 | \$1,792,133 | \$258 | \$41,678 |
| | Forestry | \$453 | 5,000 | \$242,600 | \$536 | \$48,520 |
| | Oil and Gas | \$63,067 | 133,000 | \$1,222,318 | \$19 | \$9,190 |
| 2021 | Industry | GDP (\$M) | Jobs | Govt Spending: 2020/21 – 2022/23 Average (000s) | Govt Funding per \$000s of GDP | Govt Funding per Job |
| | Tourism | \$4,527 | 52,868 | 285,863 | \$63 | \$5,407 |
| | Agriculture | \$4,993 | 41,000 | \$1,976,513 | \$396 | \$48,208 |
| | Forestry | \$452 | 3,000 | \$270,021 | \$597 | \$90,007 |
| | Oil and Gas | \$58,372 | 139,000 | \$1,270,933 | \$22 | \$9,143 |
| 2019 | Industry | GDP (\$M) | Jobs | Govt Spending: 2018/19 – 2020/21 Average (000s) | Govt Funding per \$000s of GDP | Govt Funding per Job |
| | Tourism | \$7,087 | 83,164 | \$303,240 | \$43 | \$3,646 |
| | Agriculture | \$6,171 | 56,000 | \$1,327,875 | \$215 | \$23,712 |
| | Forestry | \$ 438 | 3,000 | \$427,155 | \$975 | \$142,385 |
| | Oil and Gas | \$58,873 | 138,000 | \$1,135,525 | \$19 | \$8,228 |



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