

# Banff, Jasper and Canmore

## Tourism Economic Impact Study

June 2016

Prepared by Grant Thornton, WMC and Econometric Research Limited

**ERL Econometric Research Limited**  
*Economic Consultants*

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June 30, 2016

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Dear Mr. Gibson:

**Re: Tourism Economic Impact Study for the Towns of Banff and Canmore and the Municipality of Jasper**

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In accordance with the terms of our engagement, we have completed the Tourism Economic Impact Study for the Towns of Banff and Canmore and the Municipality of Jasper (the “Consortium”).

This report has been prepared for Consortium to demonstrate the economic importance of the three communities individually and together, and to document both the positive impacts and the associated challenges of servicing visitor volumes that far exceed the resident populations. The information contained within this report should not be used for any purpose other than that disclosed herein.

We thank you for your co-operation and assistance during this assignment and appreciate the opportunity to work with you. If we may be of any further assistance, please contact us at your convenience.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Bastin".

Doug Bastin, CMC  
Partner, Grant Thornton Consulting

# Contents

Executive Summary	i
1. Introduction	1
2. Overview of the Communities	4
3. Economic Impact Analysis Methodology	9
4. Estimated Direct Tourism Spending	13
5. Estimated Tourism Economic Impacts of the Three Canadian Rockies' Tourism Communities	16
6. Estimated Tourism Economic Impacts - Canmore	23
7. Estimated Tourism Economic Impacts - Banff	29
8. Estimated Economic Impacts - Jasper	35
9. Tourism GDP within the Broader Town Economies	41
10. Unique Attributes of the Rockies Towns	43
11. Conclusions	54
Appendix 1: Consortium Members	56
Appendix 2: Interviewees	57

# Executive Summary

## Introduction

The Town of Banff, the Town of Canmore and the Municipality of Jasper collaborated on a study to estimate the economic importance of tourism in the three communities, and to document both the positive impacts and the associated challenges of servicing visitor volumes that far exceed the resident populations. The three towns retained Grant Thornton, Econometric Research Limited and Western Management Consultants to undertake this study. The purpose of the study was to provide critical information regarding the economic contribution of tourism relative to the broader economy of each community, and an understanding of tax revenues raised relative to benefits received locally.

This Executive Summary presents the key findings from the study, and should be read in conjunction with the full report. Note that the full report provides more detailed economic impact results for each community, while this Executive Summary focuses mainly on the aggregate economic impacts of the three communities.

## Canadian Rockies' Tourism Communities

The Canadian Rockies—including the key tourism communities of Jasper, Banff and Canmore – collectively form Alberta's most iconic attraction, and one of Canada's most widely-recognized destinations on the international tourism stage.

- These three Alberta communities collectively account for only 0.68% of Alberta's population, but act as the "hosts" for 13% of Alberta's visitors. In 2012, the Rockies hosted 4.27 million visitors, while Alberta as a whole hosted 33.09 million visitors.
- Visitors to the Rockies generated \$1.09 billion in direct tourism expenditures in 2012, representing 15% of total direct tourism expenditures in Alberta. Direct tourism expenditures for Alberta as a whole in 2012 totalled \$7.27 billion.
- These communities collectively account for 24.8% of Alberta's tourism export revenue, which equates to almost \$700 million in 2012. In most circles, this role of the Canadian Rockies' tourism communities would be considered unique in Alberta and in Canada.

## Direct Tourism Spending

Aggregate direct tourism expenditures in the three communities were in excess of \$1.5 billion in 2015. Tourism expenditures in Banff were \$885.5 million and represent 57.4% of the total. Jasper generated tourism expenditures of \$318.4 million and the remaining \$344.9 million were generated in Canmore. The detailed breakdown of estimated tourism expenditures by sector is presented on the following page.

Shares of Tourism Expenditure by Sector and by Community, (2015 Dollars)

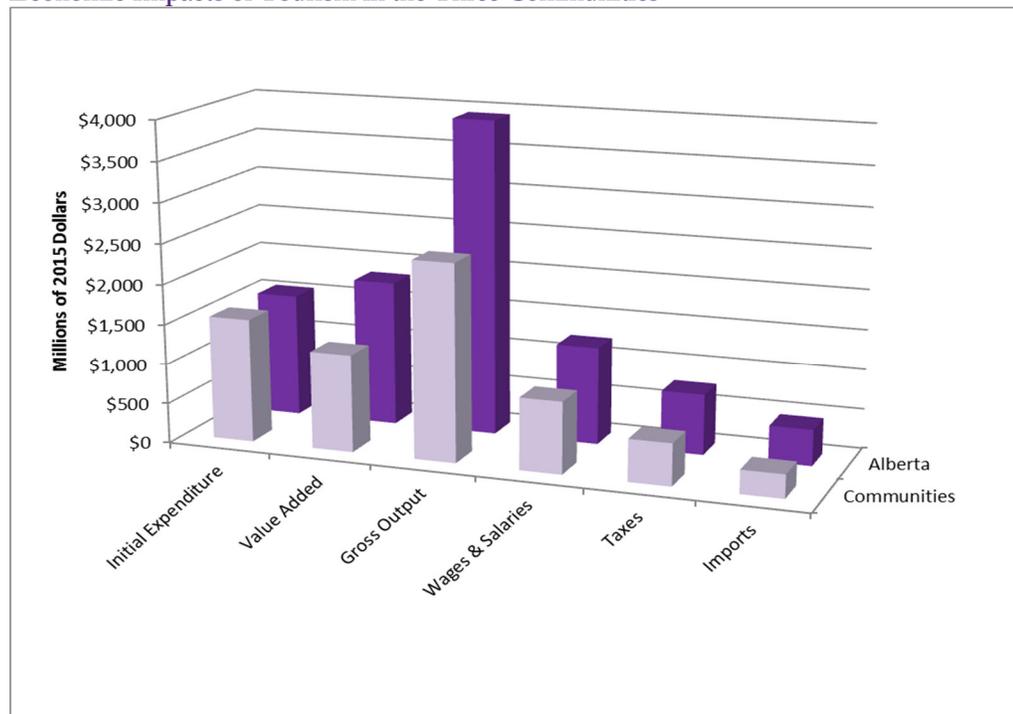
	Canmore Shares by Sector	Estimated Canmore	Banff Shares by Sector	Estimated Banff	Jasper Shares by Sector	Estimated Jasper	Total
Public/Local Transport	4.30%	\$14,819,596	3.72%	\$32,923,184	3.83%	\$12,184,810	\$59,927,590
Private Auto	14.15%	\$48,821,107	12.25%	\$108,460,872	12.61%	\$40,141,169	\$197,423,148
Accommodation	25.00%	\$86,227,855	35.10%	\$310,811,245	33.20%	\$105,709,215	\$502,748,315
Food & Beverage	30.65%	\$105,720,072	26.52%	\$234,867,497	27.30%	\$86,924,028	\$427,511,597
Recreation	13.36%	\$46,067,646	11.56%	\$102,343,789	11.90%	\$37,877,248	\$186,288,683
Retail	12.54%	\$43,255,142	10.85%	\$96,095,535	11.17%	\$35,564,780	\$174,915,457
Total	100.00%	\$344,911,418	100.00%	\$885,502,123	100.00%	\$318,401,249	\$1,548,814,790

Source: ITS, TSRC, Econometric Research Limited, Western Management Consultants, and Grant Thornton

**Economic Impacts**

The initial direct tourism expenditures in the three communities of nearly \$1.55 billion in 2015 (shown above) sustained large impacts in the communities and the Province. The aggregate impacts are shown below.

**Economic Impacts of Tourism in the Three Communities**



Source: Econometric Research Limited

### Economic Impact of Tourism in the Three Communities (2015 Dollars)

	Alberta	Communities
<b>Initial Expenditure</b>	\$1,548,814,791	\$1,548,814,791
<b>Value Added</b>		
Direct	\$605,638,816	\$605,638,816
Indirect & Induced	\$1,218,890,944	\$613,935,980
Total	\$1,824,529,760	\$1,219,574,796
Multiplier	1.18	0.79
<b>Gross Output</b>		
Direct	\$1,548,814,791	\$1,548,814,791
Indirect & Induced	\$2,383,044,701	\$909,830,775
Total	\$3,931,859,492	\$2,458,645,566
Multiplier	2.54	1.59
<b>Wages &amp; Salaries</b>		
Direct	\$440,466,155	\$440,466,155
Indirect & Induced	\$783,483,172	\$454,298,017
Total	\$1,223,949,327	\$894,764,172
<b>Employment</b>		
Direct	12,414	12,414
Indirect & Induced	10,886	6,125
Total	23,301	18,540
Multiplier	1.88	1.49
<b>Taxes</b>		
Federal	\$472,256,979	\$320,451,536
Provincial	\$249,068,296	\$179,193,971
Local	\$35,172,984	\$25,332,141
Total	\$756,498,259	\$524,977,648
<b>Imports</b>		
From Other Provinces	\$194,048,838	\$127,122,245
From Other Countries	\$256,404,960	\$167,006,483
Total	\$450,453,798	\$294,128,728

Source: Econometric Research Limited

### Tax Impacts

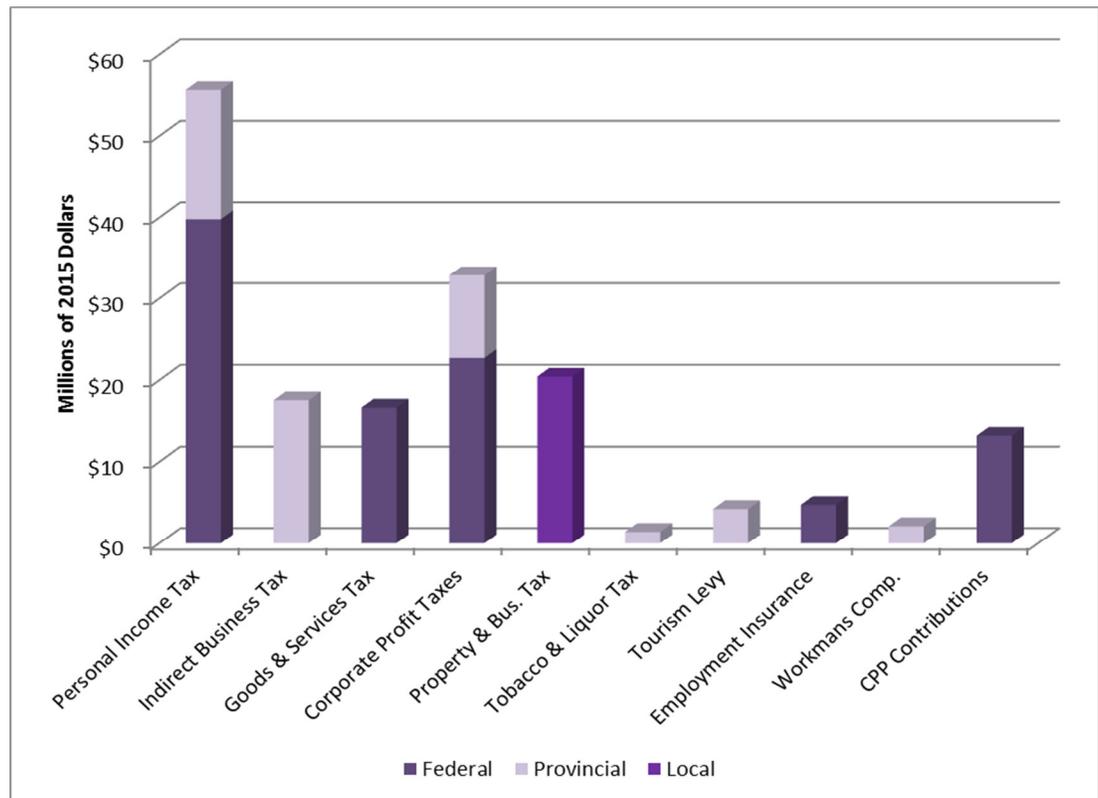
The following estimate of tax revenue streams have been generated by the tourism expenditures in the three communities.

### Tax Impact of Tourism in the Three Communities (2015 Dollars)

	Alberta	Communities
<b>Federal</b>		
Personal Income Tax	\$193,356,785	\$141,352,848
Goods & Services Tax	\$80,943,009	\$55,441,504
Corporate Profit Taxes	\$110,708,099	\$59,874,023
Employment Insurance	\$23,074,314	\$16,868,402
CPP Contributions	\$64,174,771	\$46,914,758
Subtotal	\$472,256,979	\$320,451,536
<b>Provincial</b>		
Personal Income Tax	\$77,174,085	\$56,417,864
Indirect Business Tax	\$85,240,468	\$63,334,688
Corporate Profit Taxes	\$49,403,693	\$26,718,894
Tobacco & Liquor Tax	\$6,883,680	\$5,114,657
Tourism Levy	\$20,109,933	\$20,109,933
Workmans Comp.	\$10,256,438	\$7,497,936
Subtotal	\$249,068,296	\$179,193,971
<b>Local</b>		
Property & Bus. Tax	\$35,172,984	\$25,332,141
<b>Total</b>	\$756,498,259	\$524,977,648

Source: Econometric Research Limited

### Province-Wide Tourism Tax Impacts



Source: Econometric Research Limited

### Employment Impacts

The following employment impacts are estimated to have been generated by the tourism expenditures in the three communities.

- Approximately 23,301 Albertans owe their permanent jobs to the tourism expenditures in these three communities. The majority of them, 18,539 person-years, are in the three communities, making tourism the dominant employer in those communities.
- The total labour income impact in the three communities is about \$895 million, while it is nearly \$1.22 billion province-wide.
- The employment impacts are sector-specific with accommodation employment accounting for the highest contribution with 10,882 person years in the three communities. Employment in the trade sector is second highest with 2,792 person years, followed by other services with approximately 1,454 person years.
- The same sectors are credited with the largest employment impacts at the provincial level.
- Although a few sectors stand out for making large employment contributions, every sector in the provincial economy shows some employment impacts.

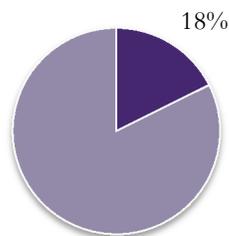
### Share of Tourism GDP in the Community Income

As shown in the next table, tourism makes its largest direct contribution to the income of Banff (51.6%). Tourism in Jasper contributes 27.5% directly, while Canmore is the lowest with 10.2%. The differential shares are a reflection of the relative diversification of the local economy. In this sense, Banff has the least diversified local economy (depends the most on tourism) and Canmore has the most diversified local economy (depends the least on tourism).

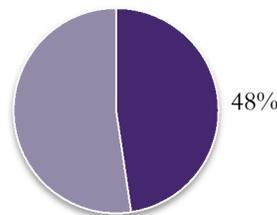
Relying only on the direct contributions of tourism to the local economy understates the importance of this sector to the economy at large. A better perspective on the importance of the tourism sector in the local economies is gained when indirect contributions are added. The Study Team did not add the induced effects given that the latter are not typically sector specific.

When both the direct and indirect contributions to local GDP are considered, tourism in Banff contributes over 89% of the community's income. The share of tourism in Jasper rises to 47.7% and that of Canmore to 17.6%. The following graphs and tables present the share of direct and indirect tourism GDP as a percentage of total GDP for each community.

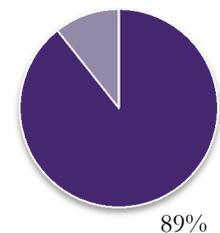
**Canmore - Direct & Indirect  
 Tourism GDP as % of  
 Total Community GDP**



**Jasper - Direct & Indirect  
 Tourism GDP as % of  
 Total Community GDP**



**Banff - Direct & Indirect  
 Tourism GDP as % of  
 Total Community GDP**



### Share of Tourism GDP in Community GDP

	Canmore	Banff	Jasper
Total GDP	\$1,191,666,813	\$618,283,104	\$414,856,922
Tourism Direct GDP	\$121,428,571	\$319,047,619	\$114,194,139
<i>Share of Tourism in GDP</i>	10.2%	51.6%	27.5%
Tourism Direct and Indirect GDP	\$210,223,162	\$552,351,054	\$197,698,554
<i>Share of Tourism in GDP</i>	17.6%	89.3%	47.7%

Source: Econometric Research Limited

### Unique Attributes of the Three Tourism Communities

The Canadian Rockies— including its key tourism communities of Jasper, Banff and Canmore – collectively form Alberta's most iconic attraction, and one of Canada's most widely-recognized destinations on the international tourism stage. The ability of the Rockies to attract visitors from international, in addition to domestic markets, benefits the province as a whole, and other communities in Alberta. For example:

- Canadian Rockies tourism is a critical generator of “export” revenue from tourism for Alberta.
- Visitors who have the primary trip purpose of visiting the Rockies will typically also visit other cities and destinations in Alberta (and Canada). This results in visitor spending and spin off benefits in other areas of Alberta and Canada.
- Visitor spending in Jasper, Banff and Canmore results in indirect and induced economic and employment impacts in other parts of Alberta, as some of the goods and services that are needed to support tourism businesses in the Rockies are sourced from elsewhere in Alberta (and Canada).

Given their location in (Banff and Jasper) or near (Canmore) iconic National Parks, these three communities are very unique in several ways.

- The three communities draw large numbers of visitors annually. The number of visitors far exceeds the resident population of each community, which presents unique challenges. These challenges include much higher than average infrastructure costs to support the large visitor population. There is also a need to provide higher capacity and higher quality infrastructure, civic amenities and services to support the many visitors to the area. The resulting “wear and tear” on civic infrastructure from high use also leads to high maintenance and operating costs for the local governments. This issue is further exacerbated by limited revenue-generating tools that the local governments can employ, forcing them to rely primarily on property tax revenue. The Province’s formula for infrastructure funding, which is based on resident population, does not result in funding that accounts for the large number of visitors.
- Consistent with the above points, the economies of the communities are very reliant on tourism, more so than other communities in Alberta.

Canmore is located near, but not within, a National Park. Canmore is considered a major outdoor adventure playground for Albertans, and also for longer-haul visitors. Its appeal to Albertans, coupled with its proximity to Calgary, has led to the influx of second-home (recreational property) owners. The non-permanent population comprises close to 30% of the total population. This situation has led to an escalation in housing prices in Canmore, making housing unaffordable for many local residents and potential members of the local workforce.

While tourism communities in other jurisdictions also face the issue of having to provide high-capacity and high-quality infrastructure and services to support visitor volumes that exceed local populations, many of these competitive resorts are able to use revenue-generating tools to support these investments. The Alberta Government currently restricts the local governments from introducing these types of tools. The inability of Jasper, Banff and Canmore to raise additional revenue results in considerable financial pressure and could place these resort communities at a competitive disadvantage.

## Conclusions

The Canadian Rockies area, and its three tourism communities, generates significant tourism and economic benefits for rest of Alberta. However, the communities’ taxation revenue sources are inadequate to support the volumes of visitors they host. There is a need to carefully consider mechanisms that will enable the three Canadian Rockies communities to raise the revenue required to continue providing high-quality and high-capacity civic amenities, infrastructure and services. Ultimately this will enable the region to continue to compete successfully with prominent destination resorts in Canada and the U.S. for global tourism markets.

# 1. Introduction

## Introduction

The Town of Banff, the Town of Canmore and the Municipality of Jasper (the “Consortium”) have collaborated on a project to estimate the economic importance of tourism in the three communities, and to document both the positive impacts and the associated challenges of servicing visitor volumes that far exceed the resident populations. The consortium retained Grant Thornton, Econometric Research Limited (“ERL”) and Western Management Consultants (“WMC”) to undertake this assignment. The list of Consortium members is provided in Appendix 1. This section presents the background and purpose of this assignment, in addition to the study approach.

## Background

Estimates of the economic impact of the mountain resort communities in Alberta have been made at various times in the past three decades.

- The economic impact of tourism in Banff was estimated by ERL (Kubursi) in 1992, and more recently by HLT Advisory Inc. in 2006.
- The economic impact of tourism to Canmore was estimated by ERL and WMC in 2000 and 2004 and again by ERL in 2014.
- The economic impact of tourism to Jasper has not been estimated in recent years, although a good deal of the work on estimating the importance of tourism was completed by WMC (Stewart) with the tourism community in 2004.

The basis of much of the past work on the economic impact of tourism is founded on the economic impact models developed by Econometric Research Limited (Kubursi) for the Government of Alberta. These impact models have been adopted, and reviewed and confirmed by the Government of Alberta (Treasury Department) over the years. They are considered to be the defining economic impact models for tourism measurement in Alberta and have been used to estimate the tourism impact of provincial heritage assets, private and public tourism attractions, tourism event impacts, major new facility proposals, and community tourism impact.

## Purpose

The purpose of this assignment was to provide the Consortium with critical information regarding the economic contribution of tourism relative to the broader economy of each community, and an understanding of tax revenues raised relative to benefits received locally. The objectives of this study were to:

- Quantify the tourism spending in the Towns (collectively and individually) and relate this spending to overall tourism spending in Alberta;
- Prepare an analysis of the total economic activity of the Towns (collectively and individually) and quantify total commercial activity generated by visitors and residents in predefined spending categories, both tourism and non-tourism (i.e., accommodation, restaurant, attractions, etc.);

- Develop customized economic impact software (a tool) which will permit each community to estimate these economic impacts in future years;
- Estimate the direct, indirect and induced employment and value-added impact of tourism to Banff, Canmore and Jasper; and,
- Identify other positive and negative tourism-related impacts experienced in these resort communities.

The ERL tourism economic impact models have been refined and updated for use directly by each of the communities of Banff, Canmore and Jasper, and collectively by the three communities in this document.

### **Study Approach**

The overall approach consisted of six phases.

#### **PHASE 1: Project Start-Up**

- The project start-up consisted of:
  - Communication with the Consortium regarding the project scope, milestones, reporting, methodology, and data sources; and,
  - Review of key background documents.

#### **PHASE 2: Gather Input and Collect Data**

- The focus of this research phase was to:
  - Collect key data to enable the team to estimate tourism spending;
  - Collect key data to use in the economic impact analysis;
  - Conduct research on the experience of comparable resort communities; and,
  - Conduct interviews with Consortium members and community stakeholders regarding tourism data, tourism trends and issues, and the unique attributes of the communities relative to other communities in Alberta.

#### **PHASE 3: Create Ongoing Tool**

- During this phase, the study team created customized tools that each town can use on an annual basis to update the tourism economic impact analysis.

#### **PHASE 4: Estimate Economic Impacts**

- During this phase, the team used the research conducted earlier to:
  - Estimate the accommodation revenue in each community; and,
  - Estimate the direct tourism spending by category in each community.
- The study team then used the special community Destination Economic Impact Model (“DEIM”) to estimate:
  - The direct, indirect and induced tourism economic impacts of each community relative to the impacts on Alberta as a whole; and,
  - The tourism impacts relative to overall Gross Domestic Product (“GDP”) of each community.

#### PHASE 5: Identify the Uniqueness of the Towns

- During this phase, the team used the research and interview results conducted earlier to demonstrate the uniqueness of each of the resort towns, relative to other towns in Alberta.

#### PHASE 6: Reporting

- The final phase involved preparing the draft and final report. The report is organized as follows:
  - A brief overview of the three communities;
  - The results of the tourism economic impact analysis for the three communities collectively and individually;
  - The analysis related to the relative magnitude of these tourism impacts compared to the GDP of each community, enabling the reader to understand the value of tourism within the broader economies of each community; and,
  - Research regarding the unique attributes of the three communities, which demonstrates both the positive aspects of the communities' reliance on tourism, and the associated challenges associated with providing adequate infrastructure and services to the large numbers of visitors to the area.

#### Limitations

The following limitations apply to the economic impact analysis contained in this report.

- An effort has been made to ensure estimates in the report are made in a conservative manner to avoid overstating the results.
- Benefits are not always easily expressed in monetary terms. For example, social and cultural benefits and costs from tourism are not easily measured. In these cases we have endeavoured to demonstrate the nature and extent of benefits and costs realised locally through other primary research in each community, reported in this document.
- Due to fiscal constraints, this research program did not administer surveys to community visitors or operators to determine comprehensive spending patterns. Assumptions were made and estimates were based on surveys conducted for Alberta and the Rocky Mountain regions and based on actual commercial accommodation revenue.
- The impact results are based on data compiled from a variety of sources. They are not strictly statistically reliable and are, therefore, subject to a margin of error.
- The impact model used is a simulation model and, as such, it creates a theoretical picture of the future of the local economy. It does this on the basis of a series of assumptions, which may or may not hold true over time.

## 2. Overview of the Communities

### Introduction

This section presents a brief overview of the three communities, to provide the broader context for the economic impact analysis.

### Socio-Economic Characteristics

The communities of Canmore, Jasper and Banff are the main service centres for the Rocky Mountains. The Canadian Rockies are internationally renowned, featuring four national parks and three provincial parks which together have been designated by UNESCO as the Canadian Rocky Mountain Park World Heritage Site. A brief summary of each of the town's socio-economic characteristics is provided below.

#### Canmore

Canmore is located near four of Canada's prime national parks, Banff, Jasper, Kootenay and Yoho National Parks, in addition to three provincial parks, Kananaskis Country ("K-Country"), and the world-class Canmore Nordic Centre. Located just over 100 kilometers west of Calgary, this is a popular outdoor destination for Calgaryans, other Albertans as well as many out-of-province and international visitors.

Originally a coal mining town, Canmore began its transformation to an outdoor adventure mecca following the 1988 Winter Olympic Games. A key venue built for the Olympics was the Canmore Nordic Centre. To prepare for the Alberta Centennial World Cup in 2005, the Province invested \$16.5 million in a major facility upgrade. The Nordic Centre is now a premier venue for cross country skiing and mountain biking. Canmore's outdoor attributes, facilities, services and Olympic heritage makes it home to a large number of Olympic athletes.

Canmore's population in 2014 was 13,077 (2014 Census), making it Alberta's ninth largest town. In addition, an estimated 3,890 non-permanent residents own property in Canmore. This represents 29.7% of the permanent population.

Canmore Facts	
Population – Residents (2014)	13,077
Population – Non-Permanent (2014)	3,890
Distance from Calgary	107 kilometres
Distance from Edmonton	391 kilometres
Major Economic Base	Tourism, Construction, Health and Wellness

## Jasper

Jasper is located in the heart of one of Canada’s most prominent and popular national parks, Jasper National Park. Jasper National Park is the largest and most northerly of Canada’s Rocky Mountain national parks. The town serves as a destination and as the main service centre for the park. It is located 287 kilometers from Banff, 363 kilometers from Edmonton and 414 kilometers from Calgary.

Jasper is the smallest of the three towns, with a population of 4,432 (2011 Census). The majority of Jasper’s population works locally as a result of the Parks Canada “need to reside” clause.<sup>1</sup> Tourism and hospitality is the main economic driver. Major employers include hotels, tour companies, CN Rail, Parks Canada, and ski hills. Many jobs are seasonal in nature.

Jasper Facts	
Population – Residents (2011)	4,584
Distance from Calgary	414 kilometres
Distance from Edmonton	363 kilometres
Major Economic Base	Tourism and Hospitality

## Banff

Banff is located in the heart of Canada’s first and most prominent and popular national parks, Banff National Park. The town serves as a destination and as the main service centre for the park. Banff is located 126 kilometers west of Calgary.

Banff’s population was 9,386 in 2014. The mainstay of Banff’s economy is tourism and hospitality. The major employers in Banff include the Fairmont Banff Springs Hotel, the Sunshine Village Corporation, the Banff Centre, and Parks Canada. The majority of Banff residents (85.9%) work locally, which reflects the “need to reside” clause for living in Banff National Park.

Banff Facts	
Population – Residents (2014)	9,386
Distance from Calgary	126 kilometres
Distance from Edmonton	415 kilometres
Major Economic Base	Tourism and Hospitality

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<sup>1</sup> The clause states that one must own and operate a business that provides their major source of income or must work in such an establishment located in the park to have the right to reside in the park.

### Prominence of Tourism

The Canadian Rockies – including its key tourism communities of Jasper, Banff and Canmore – collectively form Alberta’s most iconic attraction, and one of Canada’s most widely-recognized destinations on the international tourism stage. The *Pathway to Growth – Alberta’s Tourism Framework 2013 – 2020*<sup>2</sup> (the “*Tourism Framework*”) highlights the importance of the Rockies in the following statements about the area’s comparative advantage for tourism in Alberta:

*Physical Resources: Scenic natural resources are abundant. Many of these resources are protected and presented in National Parks, which are the iconic global attractions in Alberta. (page 42)*

*National and Provincial Parks: Iconic, safe, secure destinations that are globally recognized – Banff, Jasper, others; trails and new experiences are being developed in Parks. (page 44)*

While each community in Alberta is unique in some way, the three Canadian Rockies’ communities have features that set them apart from other Alberta communities. Key unique features are summarized below.

- The three communities are integral to the overall tourism experience offered in the Canadian Rockies which, as noted previously, is Alberta’s, and one of Canada’s, most iconic attractions.
- The three communities draw large numbers of visitors annually. The number of visitors far exceeds the resident population of each community, which presents unique challenges that are discussed later in the report.
- Consistent with the above two points, the economies of the communities are very reliant on tourism. Furthermore, some of the communities are highly restricted in terms of the industries they are permitted to attract, thereby increasing their reliance on the single industry of tourism.
- Banff and Jasper, located within National Park boundaries, experience both opportunities and challenges that are different than other communities in Alberta. This is discussed later in the report.
- Canmore is located near, but not within, a National Park. Canmore is considered a major outdoor adventure playground for Albertans, and also for longer-haul visitors. It is also the tourism community located near Kananaskis Country and the Spray Lakes area of western Kananaskis. Its appeal to Albertans, coupled with its proximity to Calgary, has led to the influx of second-home (recreational property) owners. The unique challenges of this situation are discussed later in the report.

The *Tourism Framework* lists 13 tourism “products” that are prominent in Alberta. Of these products, the Canadian Rockies offer eight as “primary” products. Other regions in Alberta do not have the same level of tourism product diversity and strength as the Rockies. The following table shows the products that are classified as “primary product strengths”. The table also shows which of these products offered by the Rockies are in high demand with regional, domestic (Canadian) and international markets. Relative to the other regions and cities in Alberta, the Rockies has greater diversity of product offerings that are of high demand to the regional, domestic and international markets.

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<sup>2</sup> A Pathway to Growth – Alberta’s Tourism Framework 2013 – 2020, Alberta Tourism, Parks and Recreation and Travel Alberta, October 2013.

Rockies' Competitive Positioning				
Product	Product Supply Strength	Regional Product Demand	Domestic Product Demand	International Product Demand
Resorts	Primary	High	High	High
Camping	Primary	High	High	High
Speciality Lodging	Primary	High	High	High
Ag/Culinary Tourism	Secondary	Moderate	Moderate	Moderate
Event Tourism	Secondary	Moderate	Moderate	Moderate
Cultural and Heritage Tourism	Secondary	Moderate	Moderate	Moderate
Special Attractions and Tours	Primary	High	High	High
Summer Outdoor Recreation/Adv. Tourism	Primary	High	High	High
Winter Outdoor Recreation / Adv. Tourism	Primary	High	High	High
Alberta Aboriginal Cultural-based Activities	Secondary	Moderate	Moderate	High
Alberta Authentic Arts and Crafts Products	Emerging	Moderate	Moderate	High
Urban Experiences	Primary	Moderate	Moderate	Moderate
Trails	Primary	High	High	High

Source: Adapted by Grant Thornton LLP from Alberta Tourism Framework 2013-2020: A Pathway to Growth

### Tourism Visitation and Spending

In 2012, an estimated 4.27 million visitors came to the Canadian Rockies tourism region. This represented 13% of total visitation to Alberta in that year. Collectively, these visitors spent approximately \$1.09 billion, or approximately 15% of total tourism spending in Alberta in 2012.

While the region attracts 13% of Alberta's visitors, the permanent population of these three communities in 2014 was 27,047 people, representing only 0.68% of Alberta's population. (Source: Municipal Population Summary, 2014, Alberta Government).

The Canadian Rockies tourism region attracted 265,000 visitors from the United States in 2012, which represented 33% of total US visitation to Alberta. US visitors spent an estimated \$196 million in the Canadian Rockies region in 2012, also representing 32% of total US visitor spending in Alberta in that year.

The Canadian Rockies was the major host region for non-US international visitors to Alberta in 2012. Approximately 428,000 person-visits, or 63% of Alberta's non US international visits, were made to the Canadian Rockies region. Non-US international visitors spent \$327 million in the Canadian Rockies region, representing 45% of their total spending in Alberta in 2012.

This type of visitation generates "new money" in the local area, the region and the province. This new money is incremental to communities' economies as it could have been spent elsewhere had it not been for the tourists who visited them when they could have visited elsewhere. The new money is typically spent on products and services that the community and region "export" to the non-local visitors. That is to say, the communities "export" a tourism service to the public in return for revenue, which represents this injection of "new money" into the communities.

These tourism communities account for a significant proportion of tourism exports to Alberta. The Canadian Rockies tourism region accounted for \$691 million in tourism export revenue in 2012, representing spending by Canadians outside Alberta, by US and by other international visitors. This figure represented 24.8% of Alberta's total tourism export revenue of \$2.81 billion in 2012.<sup>3</sup>

### **Conclusion**

The Canadian Rockies— including its key tourism communities of Jasper, Banff and Canmore – collectively form Alberta's most iconic attraction, and one of Canada's most widely-recognized destinations on the international tourism stage. The three Alberta communities, collectively accounting for only 0.68% of Alberta's population, act as the “hosts” for 13% of Alberta's visitors, and account for 15% of total tourism expenditure in Alberta. Moreover, these communities collectively account for 24.8% of Alberta's tourism export revenue, almost \$700 million in 2012. In most circles, this role of the Canadian Rockies' tourism communities would be considered unique in Alberta and in Canada.

The economic and employment impact of this tourism activity for both the three towns and Alberta as a whole are presented in the next sections of the report. While the economic and employment impacts are very positive, there are significant challenges for these towns with regard to maintaining high product and infrastructure standards to service the large volume of visitors. These challenges are discussed following the presentation of the economic impacts.

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<sup>3</sup> *The Economic Impact of Tourism in the Canadian Rockies Tourism Region in 2012*; and *The Economic Impact of Tourism in Alberta, 2012*, Alberta Government, 2012

## 3. Economic Impact Analysis Methodology

### Introduction

This section provides a description of the methodology used for the economic impact assessment, including definition of key terms. The results of the economic impact assessment are presented in the sections that follow.

### Theory

The conceptual basis and rationale of the economic impact model used here is borrowed from economic base theory. The first fundamental basis of the conceptual model involves direct, indirect and induced expenditures. As an example, tourists visiting Canmore spend “new money” in the community and region. This new money is incremental to Canmore’s economy as it could have been spent elsewhere had it not been for the tourists who visited Canmore. The new money is typically spent on products and services in the community. The community therefore “exports” its products and services to tourist visitors in return for revenue. This injection of “new money” into the region represents the tourism export base of the community or region.

New money in the community (its tourism revenue) starts to work in the economy once businesses and the employees of businesses in the community begin to spend it. Businesses in the community incur costs for goods sold, hire contractors to provide some of the services, pay for insurance and other services, and pay their staff in operations, sales and administration wages and salaries, commissions, bonuses and other employment related compensation.

Local businesses also acquire and invest capital in equipment, buildings and long term maintenance in order to provide their products and services. Employees of these businesses and their suppliers receive wages, which they spend on goods and services. All of these expenditures create rounds of additional spending in the economy. These rounds are captured by the indirect and induced impacts estimated in the economic impact model.

Below we present the basic concepts of economic impact. They are expanded and defined in the section following the economic impact methodology.

### Economic Impact Analysis: Concepts, Terms and Methodology

A dollar spent on visiting an attraction or spending in a local business circulates and recirculates within the economy, multiplying the effects of the original expenditures on overall economic activity. This process is referred to as the economic multiplier effect. It operates at several levels:

- The initial expenditures in the community on wages and materials to provide the community tourism experience are generally referred to as the direct costs of operation. Their effects are referred to as **the initial (direct) effects**.

- Subsequent purchases by suppliers of materials and services to sustain the original and derivative expenditures are called **the indirect effects**.
- The **induced effects** emerge when workers in the sectors stimulated by initial and indirect expenditures spend their additional income on consumer goods and services.

Some of the key terms and definitions used to describe the economic impact outputs are presented below to assist the reader in interpreting the results of the economic impact analysis:

- **Initial Expenditures** – This figure indicates the amount of expenditures made directly by visitors to the community. It is these expenditures that drive the tourism economic impact results.
- **Value Added** (Gross Provincial Income) – This figure represents net output generated by the initial expenditures, on a province-wide basis. It is typically the sum of wages, rent, interest and profits in addition to indirect business taxes and depreciation minus subsidies. Note that this study also estimates the GDP on a local basis for each community.
- **Employment** – This refers to the number of jobs generated by spending in the community, and its associated sustaining activities.
- **Taxes** – The impact system generates a large number of taxes (income taxes, GST, liquor and tobacco taxes, room tax, etc.) each of which is linked with the level of government receiving it. For example, the Federal government receives the proceeds from the GST, the Provincial government receives the room tax and the local government receives the property and business tax.
- **Imports** – These represent the goods and services acquired from outside the province to sustain the activities of the facilities and the expenditures of their visitor. They essentially represent “leakages” from the province.
- **Multipliers** – These are summary measures that represent the division of the total impacts (direct, indirect and induced) by the initial expenditures. For example, the income multiplier associated with tourism expenditures is calculated by dividing the total income (value added) impact by the initial incremental tourism expenditures. The only exception is that of the employment multiplier where total employment is divided by direct employment in order to preserve the common units.

Economic impact analysis is a useful mathematical tool capable of quantifying the patterns and magnitudes of interdependence among sectors and activities and the economic “benefits” that communities and regions derive from the export of their products and services. It is predicated on two fundamental propositions:

- First, regardless of the inherent value of primary activities such as recreation or tourism, to the extent that these activities involve the use of scarce resources they generate economic consequences that can be measured and compared.
- Second, economic impacts are only partially captured by assessing direct expenditures. Inasmuch as the economy is a complex whole of interdependent and interacting activities, there are some significant indirect and induced impacts associated with the direct expenditure. These indirect and induced impacts are often larger than the direct impacts.

### **The Economic Impact Model**

The impact model used here is a special version of the open and generic version of DEIM (Demand Economic Impact Model) developed by Econometric Research Limited for Alberta Tourism and Culture. It is designed specifically for each community (Banff, Canmore, Jasper) but is consistent with the Alberta DEIM system. It is a unique model that captures the economic impact of tourism expenditures at the local level (community), the provincial level (Alberta) and the national level. The model is based on technology that integrates input output analysis and location theory (economic base theory).

The model utilizes a large set of economic and technical databases that are regularly updated and published by Statistics Canada. A short list includes the inter-provincial input output tables, employment by sector, taxes by type of tax and the level of government collecting it, prices of products, energy used in physical and energy units and many others.

The impact results presented in this section are derived by using the special economic impact models created for each community. Direct tourism expenditure inputs were estimated for six categories of tourism spending in each community for the calendar year 2015. The impact model was then used to estimate the total tourism economic impact for each community in 2015.

### **Method of Estimating Direct Tourism Expenditures**

The economic impact model requires estimates of direct expenditure by tourists visiting each community broken out into categories by type of spending. For this project, the following tourism expenditure categories were estimated:

- Public and Local Transportation (bus, taxi)
- Private Auto (including fuel, repairs, parts)
- Accommodation (including hotel, motel, B&B, tourism homes, campgrounds)
- Food and Beverage (restaurants, groceries)
- Recreation (attractions, recreation activities)
- Retail (all local retail)

Historical data is available from Statistics Canada for the above-referenced breakdown of expenditures at the regional level in Alberta. However, this data does not exist at the local level. The full breakdown of expenditure data was therefore estimated for each community by applying the following methodology.

- Annual accommodation data from a variety of sources was collected and compared. The number of rooms by type of room was identified for the corporate boundaries of each community but also for the immediate area of influence of the community. Thus in Jasper, the motel and hotel rooms outside Jasper but near the town site were added to the total room count.
- The number of rooms by season, average daily room rate (ADR), occupancy (OCC), and revenue per available room (REVPAR), were estimated from the available sources for the calendar year 2015.

- Total accommodation revenue was estimated for 2015.
- Room revenue based on the Tourism Levy was acquired for each community, and this revenue was compared to the findings of the accommodation estimates. Regional room revenue was also acquired through the Tourism Levy. These data were used to validate, adjust and balance the room revenue estimates from other sources.
- The Tourism Levy does not include revenue from all the rooms in the influence area. It does not include campground revenue. It does not include revenue from B&B operations, nor does it include revenue from “tourist homes” within each community. An estimate of total revenue from each of these sources was added to the Tourism Levy data. The resulting revenue estimates were compared with the estimates generated from other sources to confirm validity. A final room revenue number was derived for each community for the calendar year 2015.
- The resulting accommodation number was then “rebalanced” against the regional Statistics Canada data and Tourism Levy data to ensure the numbers were validated.
- The ratios of accommodation expenditures to total tourism expenditures and to all six categories of tourism spending were compared from a variety of sources, but particularly the two surveys below:
  - The 2012 Harmonized Travel Survey of Residents of Canada (TSRC) spending data for the tourism regions and the province as a whole in Alberta; and,
  - The 2012 Harmonized International Tourism Survey (ITS) spending data for the tourism regions and the province as a whole in Alberta.
- The accommodations revenue data and the accommodations ratio was then use to derive the total tourism expenditure for each community.
- The totals were compared to the data generated by Statistics Canada Survey data (ITS and TSRC) for the Canadian Rockies Region for reconciliation purposes.
- Once the total expenditure number was reconciled, the other spending categories for each community were estimated from the ratios generated for each.
- The final result in each community is presented in a table titled “Tourism Expenditure by Sector, 2015”.

The results of this method are described in detail within each community tourism economic impact estimate found in the sections following.

## 4. Estimated Direct Tourism Spending

### Introduction

This section of the report establishes the relative weight of each of the major tourism spending categories in total tourism expenditures.

### Direct Tourism Spending

These relative weights are presented in Table 1 and Figures 1 through 3.

The total tourism spending on accommodation in each community was estimated first and then used in conjunction with the ratios in Table 1 to construct the estimate of total tourism spending in the community and by each of the six tourism expenditure categories in 2015. The results in Table 1 present these estimated expenditures.

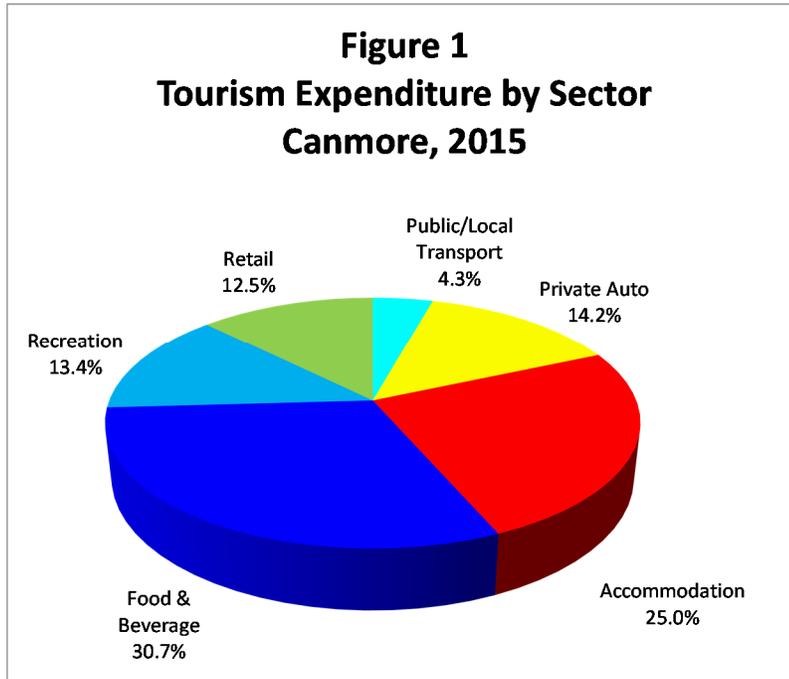
Aggregate tourism expenditures in the three communities are in excess of \$1.5 billion in 2015. Tourism expenditures in Banff were \$885.5 million and represent 57.4% of the total. Jasper shows tourism expenditures of \$318.4 million and the remaining \$344.9 million were made in Canmore.

**Table 1: Shares of Tourism Expenditure by Sector and by Community, (2015 Dollars)**

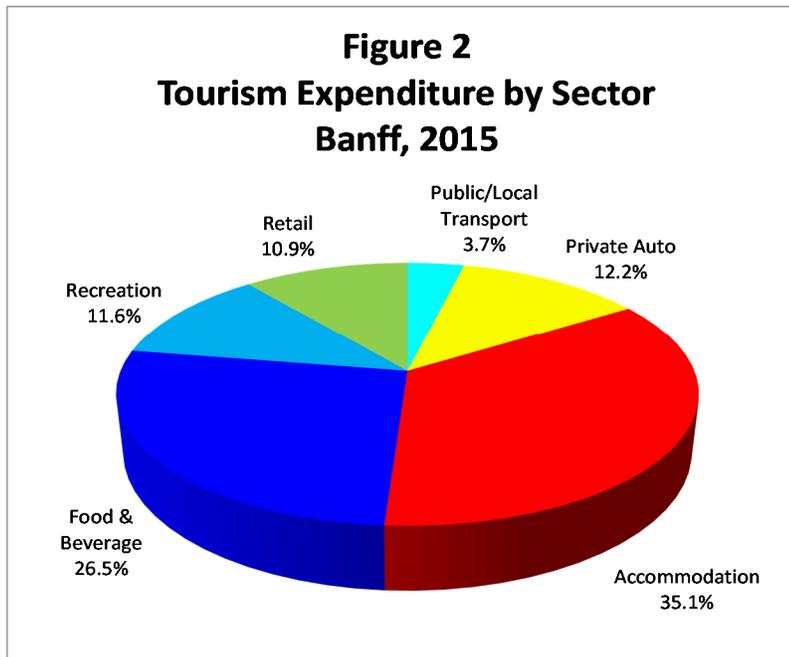
	Canmore Shares by Sector	Estimated Canmore	Banff Shares by Sector	Estimated Banff	Jasper Shares by Sector	Estimated Jasper	Total
Public/Local Transport	4.30%	\$14,819,596	3.72%	\$32,923,184	3.83%	\$12,184,810	\$59,927,590
Private Auto	14.15%	\$48,821,107	12.25%	\$108,460,872	12.61%	\$40,141,169	\$197,423,148
Accommodation	25.00%	\$86,227,855	35.10%	\$310,811,245	33.20%	\$105,709,215	\$502,748,315
Food & Beverage	30.65%	\$105,720,072	26.52%	\$234,867,497	27.30%	\$86,924,028	\$427,511,597
Recreation	13.36%	\$46,067,646	11.56%	\$102,343,789	11.90%	\$37,877,248	\$186,288,683
Retail	12.54%	\$43,255,142	10.85%	\$96,095,535	11.17%	\$35,564,780	\$174,915,457
Total	100.00%	\$344,911,418	100.00%	\$885,502,123	100.00%	\$318,401,249	\$1,548,814,790

Source: ITS, TSRC, Econometric Research Limited, Western Management Consultants, and GrantThornton

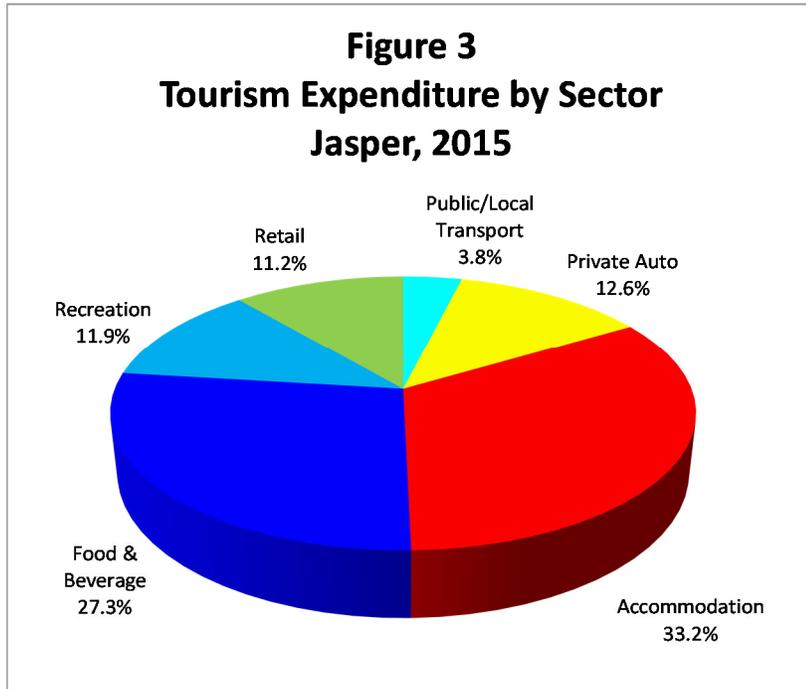
The sectoral distribution of these expenditures varies by community. Accommodation expenditures in Banff represent 35.1% but only 25% in Canmore. Expenditures on Food and Beverage and Accommodation represent over 50% of total tourism expenditures in each community but a substantially higher share (60.6%) in Banff and in Jasper (60.5%). The sectoral shares of expenditures by community are presented graphically on the next page.



Source: Grant Thornton LLP, WMC, and Econometric Research Limited



Source: Grant Thornton LLP, WMC, and Econometric Research Limited



Source: Grant Thornton LLP, WMC, and Econometric Research Limited

## 5. Estimated Tourism Economic Impacts of the Three Canadian Rockies' Tourism Communities

### Introduction

The total economic impacts of the tourism expenditures shown earlier are presented in Tables 2, 3 and the associated charts.

### The Comparative Economic Impacts of Tourism

The estimated total direct tourism expenditures in the three communities in 2015 using the eclectic approach are significant. Their impacts are also substantial and significant particularly for a small region with a small population and with limited economic diversification and industrial articulation. The comparative economic impacts, with a focus on the employment and tax revenue impacts, are presented below.

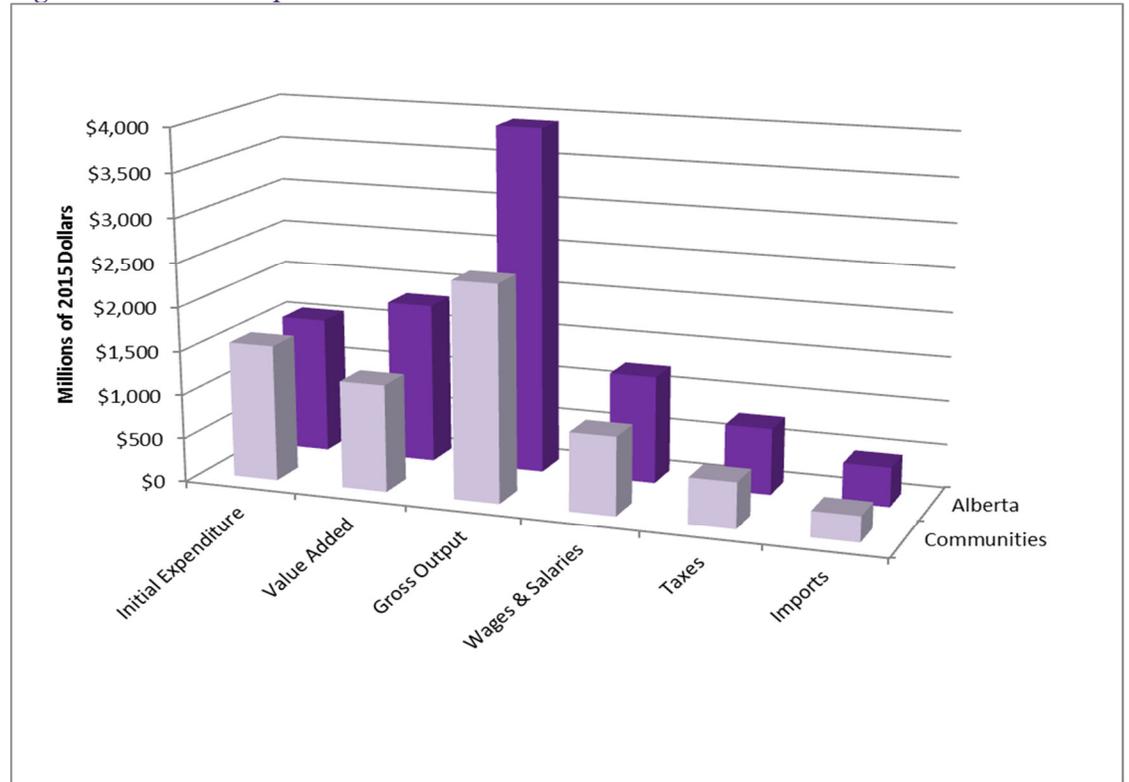
### The Standard Impacts

Total initial tourism expenditures in the three communities in 2015 are estimated to be nearly \$1.55 billion. These expenditures have sustained large impacts in the communities and the Province. The aggregate comparative impacts are displayed in Table 2 and Figure 4 below.

- The income of three communities (value added) is permanently increased by about \$1.22 billion annually by these initial tourism expenditures. The estimated provincial income impact is over \$1.82 billion. These impacts are considered recurrent and are expected to occur annually. The share of the communities in the total income (value added) impacts is relatively high. This is a result of the high local content of tourism expenditures and their labour intensive nature.
- The multiplier measures for the total value-added (income) impacts were 1.18 for Alberta and 0.79 for the three communities. This finding confirms the fact that much of the indirect and induced impacts of spending in the communities fall to regions outside them, and particularly the Calgary and Area Tourism Region as well as the Edmonton and Area Tourism Region. This is to be expected in small and undiversified local economies in close proximity to major urban centres. The Calgary and Area Tourism Region as well as the Edmonton and Area Tourism Region supply the tourism industry in these three communities with most of their goods and services, explaining why the indirect impacts fall heavily out of the region.
- Wages and salaries paid in the three communities are augmented by a substantial amount of about \$895 million in 2015. The province-wide wages and salaries are augmented by about \$1.22 billion. These wages and salaries support a direct effective wage of \$35,481 and a total effective wage of \$48,261 in the three communities and \$52,528 province-wide.

- Direct tourism wages are relatively lower than other industrial wages, but when total effective wages are considered much higher wages are observed. This is the result of the higher skills required to sustain the indirect and induced effects of tourism where lawyers, consultants, accountants and engineers are typically involved.

**Figure 4: Economic Impacts of Tourism in the Three Communities**



Source: Econometric Research Limited

**Table 2: Economic Impact of Tourism in the Three Communities (2015 Dollars)**

	Alberta	Communities
<b><i>Initial Expenditure</i></b>	\$1,548,814,791	\$1,548,814,791
<b><i>Value Added</i></b>		
Direct	\$605,638,816	\$605,638,816
Indirect & Induced	\$1,218,890,944	\$613,935,980
Total	\$1,824,529,760	\$1,219,574,796
Multiplier	1.18	0.79
<b><i>Gross Output</i></b>		
Direct	\$1,548,814,791	\$1,548,814,791
Indirect & Induced	\$2,383,044,701	\$909,830,775
Total	\$3,931,859,492	\$2,458,645,566
Multiplier	2.54	1.59
<b><i>Wages &amp; Salaries</i></b>		
Direct	\$440,466,155	\$440,466,155
Indirect & Induced	\$783,483,172	\$454,298,017
Total	\$1,223,949,327	\$894,764,172
<b><i>Employment</i></b>		
Direct	12,414	12,414
Indirect & Induced	10,886	6,125
Total	23,301	18,540
Multiplier	1.88	1.49
<b><i>Taxes</i></b>		
Federal	\$472,256,979	\$320,451,536
Provincial	\$249,068,296	\$179,193,971
Local	\$35,172,984	\$25,332,141
Total	\$756,498,259	\$524,977,648
<b><i>Imports</i></b>		
From Other Provinces	\$194,048,838	\$127,122,245
From Other Countries	\$256,404,960	\$167,006,483
Total	\$450,453,798	\$294,128,728

Source: Econometric Research Limited

## Tax Impacts

The following tax revenue streams are estimated to have been generated by these tourism expenditures in the three communities.

- The total taxation impact of tourism in the three communities, on a province-wide basis, was over \$756 million in 2015.
- The local governments in Alberta derive tax revenues of \$35.2 million.
- The Provincial government share in tax revenues sustained by these tourism expenditures was significant at \$249 million in 2015.
- The Federal government share was even higher at over \$472 million.
- The Local governments in the three communities derived a total of about \$25.3 million in taxes.
- Based on the total taxation impact, the Federal government's share in total tax revenues collected on the tourism impacts was 62%, the share of the Provincial government was 33%, and local governments realized 5%, of which the three communities' share was 72%.

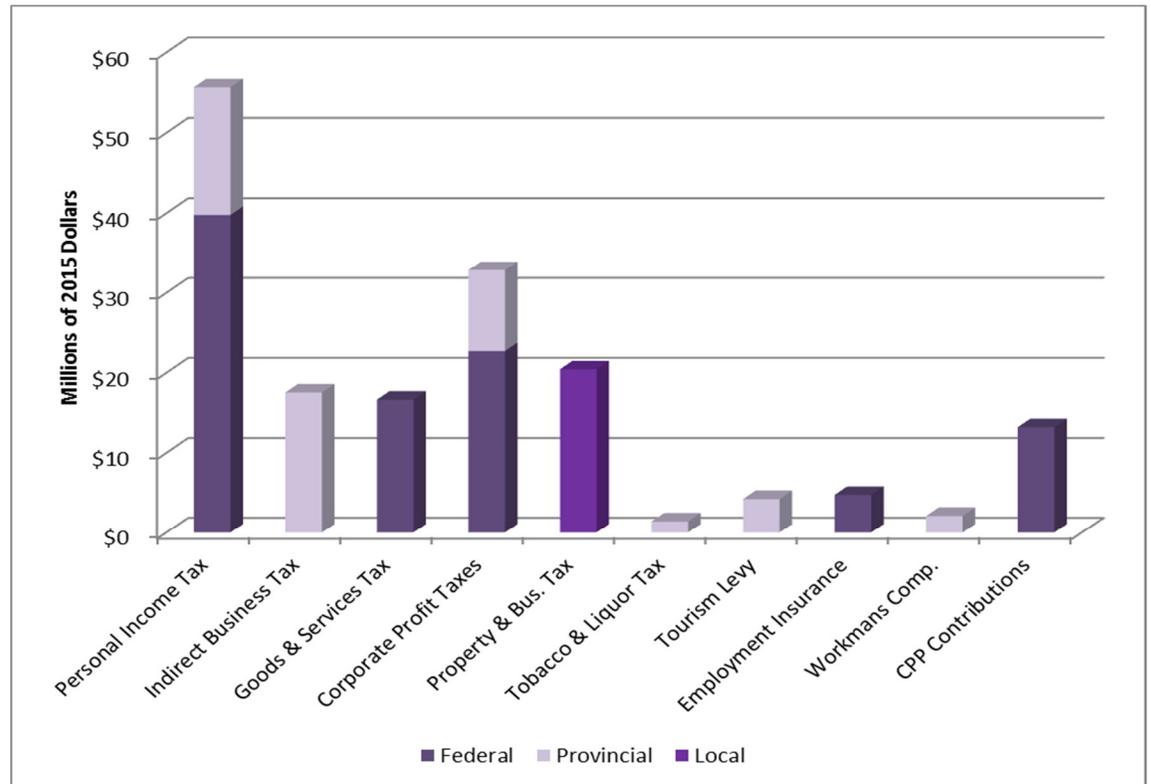
The detailed breakdown of tax revenues, based on province-wide impacts, is outlined in Table 3 and Figure 5.

**Table 3: Tax Impact of Tourism in the Three Communities (2015 Dollars)**

	Alberta	Communities
<b><i>Federal</i></b>		
Personal Income Tax	\$193,356,785	\$141,352,848
Goods & Services Tax	\$80,943,009	\$55,441,504
Corporate Profit Taxes	\$110,708,099	\$59,874,023
Employment Insurance	\$23,074,314	\$16,868,402
CPP Contributions	\$64,174,771	\$46,914,758
Subtotal	\$472,256,979	\$320,451,536
<b><i>Provincial</i></b>		
Personal Income Tax	\$77,174,085	\$56,417,864
Indirect Business Tax	\$85,240,468	\$63,334,688
Corporate Profit Taxes	\$49,403,693	\$26,718,894
Tobacco & Liquor Tax	\$6,883,680	\$5,114,657
Tourism Levy	\$20,109,933	\$20,109,933
Workmans Comp.	\$10,256,438	\$7,497,936
Subtotal	\$249,068,296	\$179,193,971
<b><i>Local</i></b>		
Property & Bus. Tax	\$35,172,984	\$25,332,141
<b><i>Total</i></b>	<b>\$756,498,259</b>	<b>\$524,977,648</b>

Source: Econometric Research Limited

Figure 5: Province-Wide Tourism Tax Impacts



Source: Econometric Research Limited

### Employment Impacts

- Approximately 23,301 Albertans owe their permanent jobs to the tourism expenditures in the three communities. The majority of them, 18,539 person-years, are in the three communities, making tourism the dominant employer in those communities.
- The total labour income impact in the three communities is about \$895 million, while it is nearly \$1.22 billion province-wide.
- The employment impacts are sector-specific with accommodation employment accounting for the highest contribution with 10,882 person years in the three communities. Employment in the trade sector is second highest with 2,792 person years, followed by other services with approximately 1,454 person years.
- The same sectors are credited with the largest employment impacts at the provincial level.
- Although a few sectors stand out for making large employment contributions, every sector in the provincial economy shows some employment impacts.

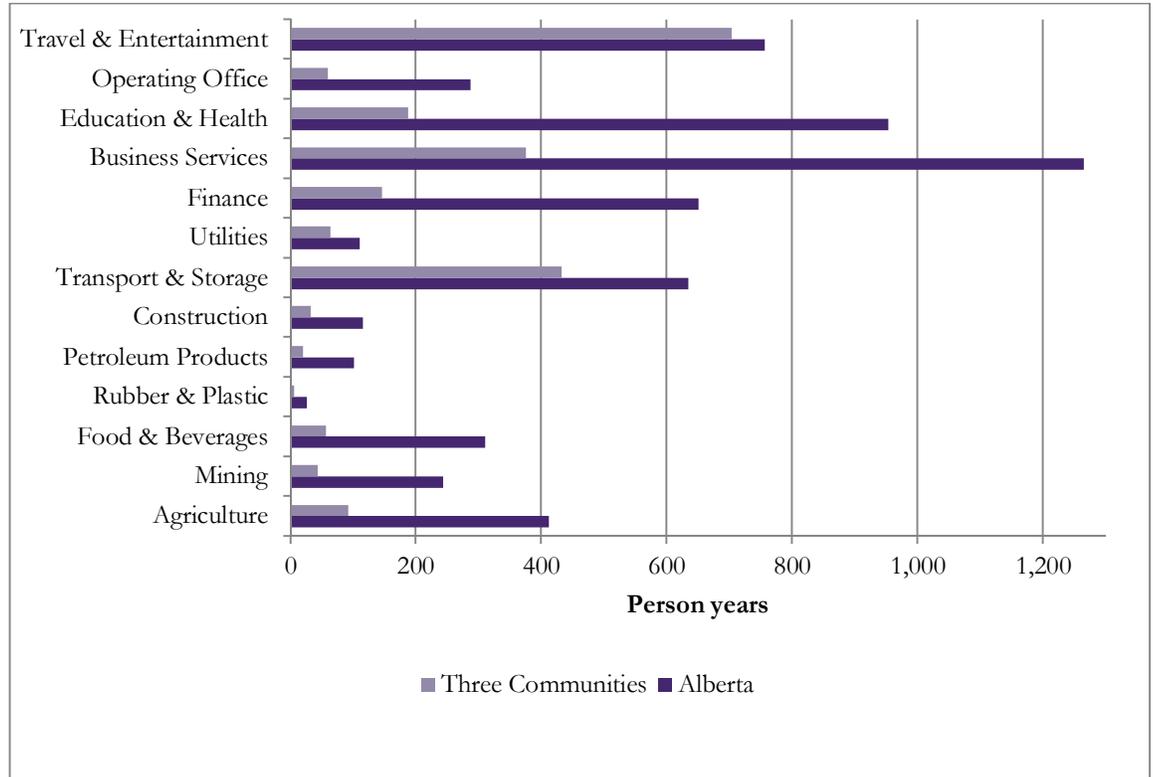
**Table 4: Employment Impact of Tourism in the Three Communities 2015 (Person Years)**

	Alberta	Communities
Agriculture	411.72	91.49
Fishing	3.30	0.76
Forestry	11.96	1.70
Mining	243.27	43.59
Food & Beverages	310.53	56.75
Rubber & Plastic	25.57	5.11
Clothing Industry	6.09	0.97
Wood Industry	14.54	2.47
Furniture	11.72	2.35
Paper & Allied P.	11.70	2.34
Printing & Publish.	40.91	16.37
Primary Metals	5.35	0.96
Metal Fabricating	41.28	8.26
Machinery & Equip.	28.37	5.67
Transport Equipment	10.50	2.10
Computer & Electronic	10.35	2.07
Electrical Products	5.63	1.12
Non-Metal. Minerals	10.22	4.31
Petroleum Products	100.68	20.13
Chemicals & Chem. P.	18.53	3.71
Other Manufacturing	20.00	5.02
Construction	115.08	31.73
Transport & Storage	633.79	431.67
Utilities	110.22	63.65
Trade	3,049.38	2,792.33
Finance	650.64	145.78
Business Services	1,264.44	375.66
Education & Health	952.68	187.02
Accommodation	10,885.93	10,881.79
Other Services	1,652.55	1,453.96
Operating Office	286.70	59.12
Travel & Entertainment	756.06	703.54
Transportation Margins	65.60	13.19
Other Employment	1,535.26	1,122.40
<b>Total</b>	<b>23,300.55</b>	<b>18,539.09</b>

Source: Econometric Research Limited

The following graph highlights tourism employment impacts by sector category. Sectors that had minimal or no impacts are not shown in the graph. Please refer to Table 4 for a complete list of sectors.

**Figure 6: Tourism Employment Impacts by Sector**



Source: Econometric Research Limited

## 6. Estimated Tourism Economic Impacts - Canmore

### Introduction

The total economic impacts of the tourism expenditures shown earlier are presented in Tables 5, 6 and 7 and Figures 7, 8 and 9. Both local (Canmore) and province-wide impacts are presented.

The estimated total direct tourism expenditures in Canmore in 2015 using the eclectic approach are significant. The impacts resulting from the direct tourism expenditures are also substantial and significant, particularly for a small economy with limited economic diversification and industrial articulation.

### The Standard Impacts

Total initial tourism expenditures in Canmore in 2015 are estimated to be nearly \$345 million and these sustained relatively large impacts in Canmore and the Province. The standard comparative impacts are displayed in Table 5 and Figure 7 below.

- The income of Canmore (value added) is permanently increased by over \$273 million annually by these initial tourism expenditures. The estimated provincial income impact is over \$405 million. These impacts are considered recurrent that can be expected year in and year out. The share of Canmore in the total income (value added) impacts is relatively high. This is due to the high local content of tourism expenditures and their labour intensive nature.
- The multiplier measures for the total value-added (income) impacts were 1.17 for Alberta and 0.79 for Canmore. This finding confirms that much of the indirect and induced impacts of spending in Canmore fall to regions outside Canmore, and particularly the Calgary & Area Tourism Region. This is to be expected in small and undiversified local economies in the proximity of major urban centres. The Calgary & Area Tourism Region supplies the Canmore tourism industry with most of its goods and services, explaining why the indirect impacts fall heavily out of the region.
- Wages and Salaries in Canmore are augmented by about \$200 million in 2015. The province-wide wages and salaries are augmented by about \$270 million. These wages and salaries support a direct effective wage of \$36,482 and a total effective wage of \$49,471 in Canmore and \$53,530 province-wide.
- Direct tourism wages are relatively lower than other industrial wages, but when total effective wages are considered, much higher wages are observed. This is the result of the higher skills required to sustain the indirect and induced effects of tourism where lawyers, consultants, accountants and engineers are involved.

Figure 7: Economic Impacts of Tourism in Canmore

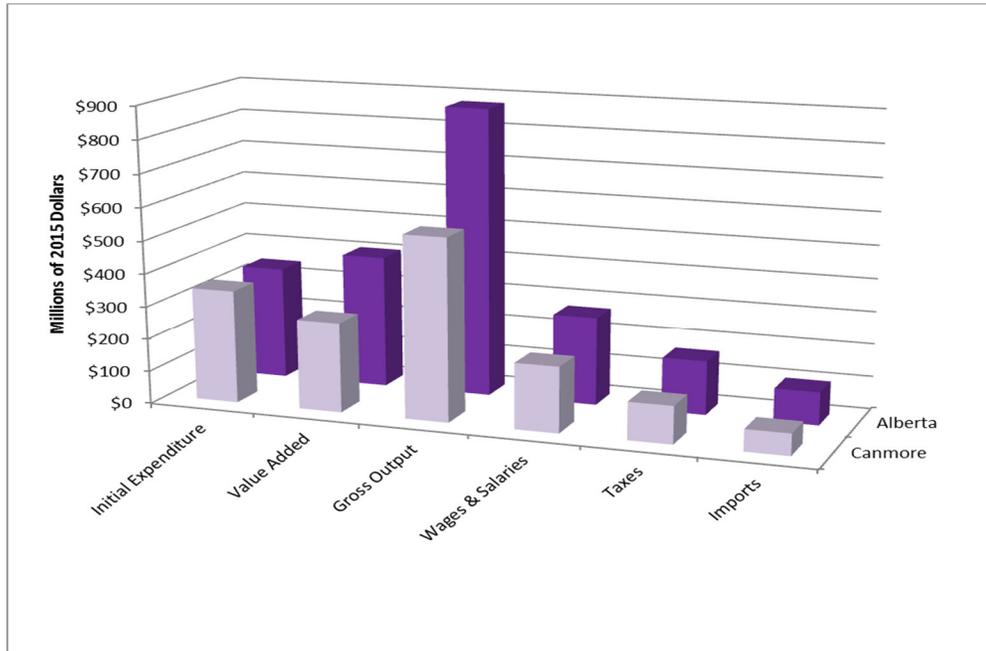


Table 5: Economic Impact of Tourism in Canmore (2015 Dollars)

	Alberta	Canmore
<b>Initial Expenditure</b>	\$344,911,418	\$344,911,418
<b>Value Added</b>		
Direct	\$132,573,938	\$132,573,938
Indirect & Induced	\$272,484,780	\$140,741,256
Total	\$405,058,718	\$273,315,194
Multiplier	1.17	0.79
<b>Gross Output</b>		
Direct	\$344,911,418	\$344,911,418
Indirect & Induced	\$531,484,713	\$209,487,983
Total	\$876,396,131	\$554,399,401
Multiplier	2.54	1.61
<b>Wages &amp; Salaries</b>		
Direct	\$95,692,538	\$95,692,538
Indirect & Induced	\$173,990,954	\$103,280,806
Total	\$269,683,492	\$198,973,344
<b>Employment</b>		
Direct	2,623	2,623
Indirect & Induced	2,414	1,398
Total	5,038	4,022
Multiplier	1.92	1.53
<b>Taxes</b>		
Federal	\$104,762,139	\$71,706,388
Provincial	\$54,102,388	\$38,931,382
Local	\$4,919,622	\$3,540,096
Total	\$163,784,149	\$114,177,866
<b>Imports</b>		
From Other Provinces	\$43,067,848	\$28,541,739
From Other Countries	\$56,756,483	\$37,557,877
Total	\$99,824,331	\$66,099,616

Source: Econometric Research Limited

## Tax Impacts

The following tax revenue streams are estimated to have been generated by these tourism expenditures in Canmore.

- The total taxation impact of tourism in Canmore, on a province-wide basis, was about \$164 million in 2015.
- The local governments in Alberta derive tax revenues of over \$4.9 million.
- The Provincial government share in tax revenues sustained by tourism expenditures in Canmore was significant at \$54.1 million in 2015.
- The Federal government share was even higher at nearly \$105 million.
- The Local government in Canmore derived a total of over \$3.5 million in taxes. This was estimated using a mill rate of 5.722 on residential assessments, and 17.6% as the tourism share of non-residential taxes of \$6,780,920.
- Based on the total taxation impact, the Federal government's share in total tax revenues collected on the tourism impacts was 64%, the share of the Provincial government was 33%, and local governments realized 3%, of which Canmore's share was 72%.

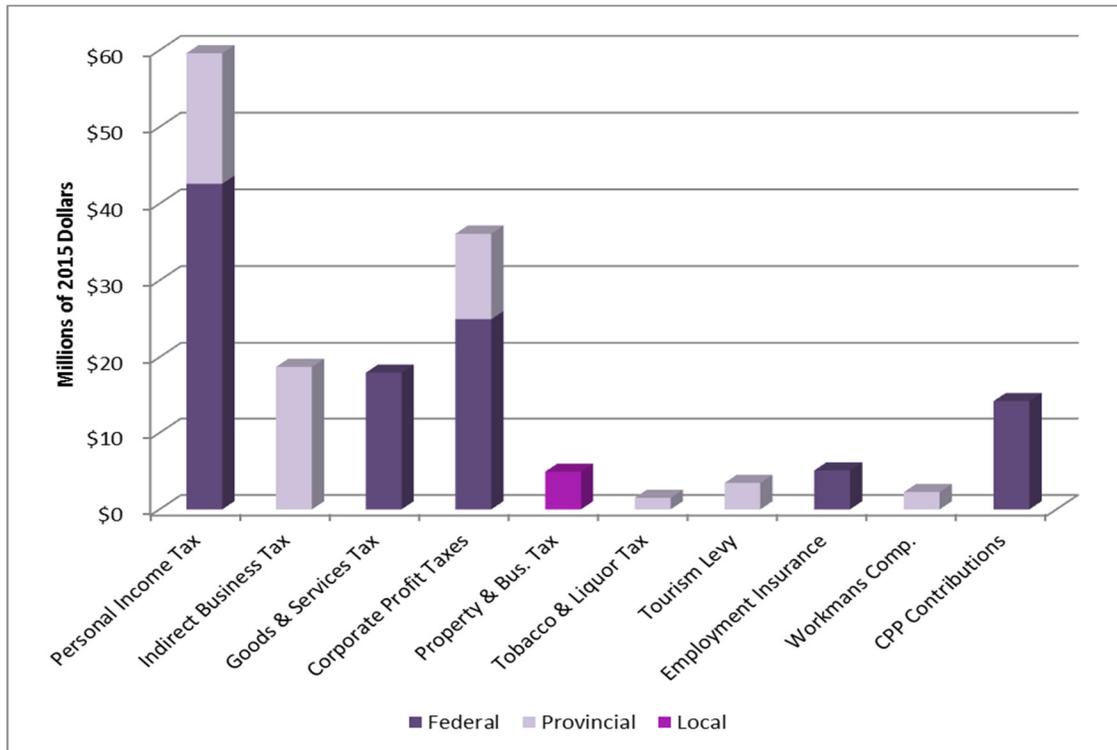
The detailed breakdown of tax revenues, based on province-wide impacts, is outlined in Table 6 and Figure 8.

Table 6: Tax Impacts of Tourism in Canmore (2015 Dollars)

	Alberta	Canmore
<b><i>Federal</i></b>		
Personal Income Tax	\$42,603,997	\$31,433,365
Goods & Services Tax	\$17,979,369	\$12,385,413
Corporate Profit Taxes	\$24,954,416	\$13,703,818
Employment Insurance	\$5,084,166	\$3,751,114
CPP Contributions	\$14,140,190	\$10,432,678
Subtotal	\$104,762,139	\$71,706,388
<b><i>Provincial</i></b>		
Personal Income Tax	\$17,004,443	\$12,545,933
Indirect Business Tax	\$18,739,647	\$14,021,320
Corporate Profit Taxes	\$11,135,954	\$6,115,354
Tobacco & Liquor Tax	\$1,513,339	\$1,132,306
Tourism Levy	\$3,449,114	\$3,449,114
Workmans Comp.	\$2,259,891	\$1,667,355
Subtotal	\$54,102,388	\$38,931,382
<b><i>Local</i></b>		
Property & Bus. Tax	\$4,919,622	\$3,540,096
<b><i>Total</i></b>	<b>\$163,784,149</b>	<b>\$114,177,866</b>

Source: Econometric Research Limited

Figure 8: Canmore Tourism Tax Impacts in Alberta



Source: Econometric Research Limited

### Employment Impacts

- More than 5,038 Albertans owe their permanent jobs to these tourism expenditures in Canmore. The majority of them, 4,022 person-years, are in Canmore, making tourism the dominant employer in the community.
- The employment impacts are sector specific with accommodation employment accounting for the highest contribution with 2,234 person years in Canmore. Employment in the trade sector is second highest with 649 person years followed by other services with about 328 person years.
- The same sectors are credited with the largest employment impacts at the provincial level.
- Although a few sectors stand out for making large employment contributions, every sector in the provincial economy shows some employment impacts.

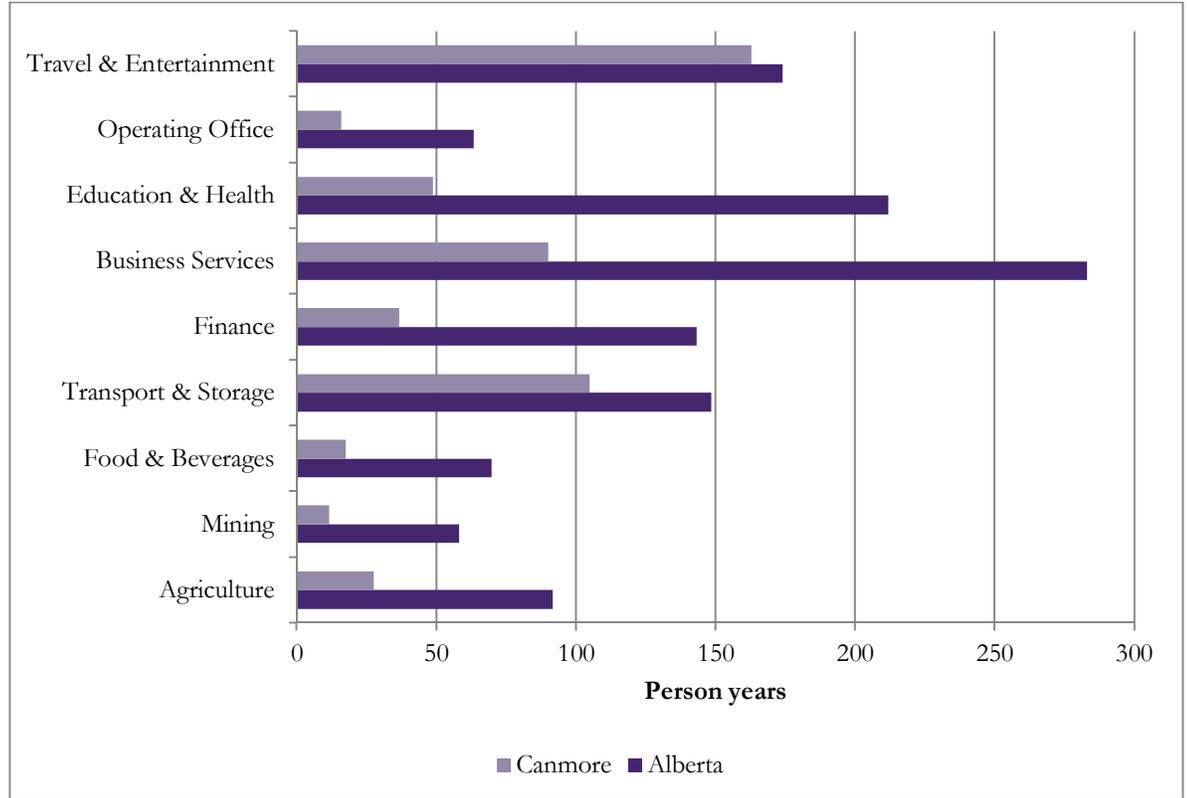
Table 7: Employment Impacts of Tourism in Canmore, 2015 (Person Years)

	Alberta	Canmore
Agriculture	91.51	27.45
Fishing	0.73	0.18
Forestry	2.66	0.53
Mining	58.16	11.63
Food & Beverages	69.78	17.44
Rubber & Plastic	5.69	1.14
Clothing Industry	1.34	0.20
Wood Industry	3.23	0.48
Furniture	2.58	0.52
Paper & Allied P.	2.58	0.52
Printing & Publish.	9.21	3.69
Primary Metals	1.22	0.24
Metal Fabricating	9.23	1.85
Machinery & Equip.	6.37	1.27
Transport Equipment	2.34	0.47
Computer & Electronic	2.30	0.46
Electrical Products	1.25	0.25
Non-Metal. Minerals	2.27	1.13
Petroleum Products	24.46	4.89
Chemicals & Chem. P.	4.14	0.83
Other Manufacturing	4.45	1.34
Construction	25.51	7.71
Transport & Storage	148.42	104.76
Utilities	24.45	14.40
Trade	701.63	649.11
Finance	143.11	36.75
Business Services	282.98	90.06
Education & Health	211.79	48.68
Accommodation	2,234.61	2,233.68
Other Services	369.70	328.14
Operating Office	63.44	15.85
Travel & Entertainment	173.92	162.80
Transportation Margins	14.48	3.44
Other Employment	338.27	249.60
<b>Total</b>	<b>5,037.81</b>	<b>4,021.49</b>

Source: Econometric Research Limited

The following graph highlights tourism employment impacts by sector category. Sectors that had minimal or no impacts are not shown in the graph. Please refer to Table 7 for a complete list of sectors.

**Figure 9: Tourism Employment Impacts by Sector in Canmore**



Source: Econometric Research Limited

## 7. Estimated Tourism Economic Impacts - Banff

### Introduction

The total economic impacts of the tourism expenditures in Banff estimated earlier are presented in Tables 8, 9 and 10 and Figures 10, 11 and 12. Both local (Banff) and province-wide impacts are presented.

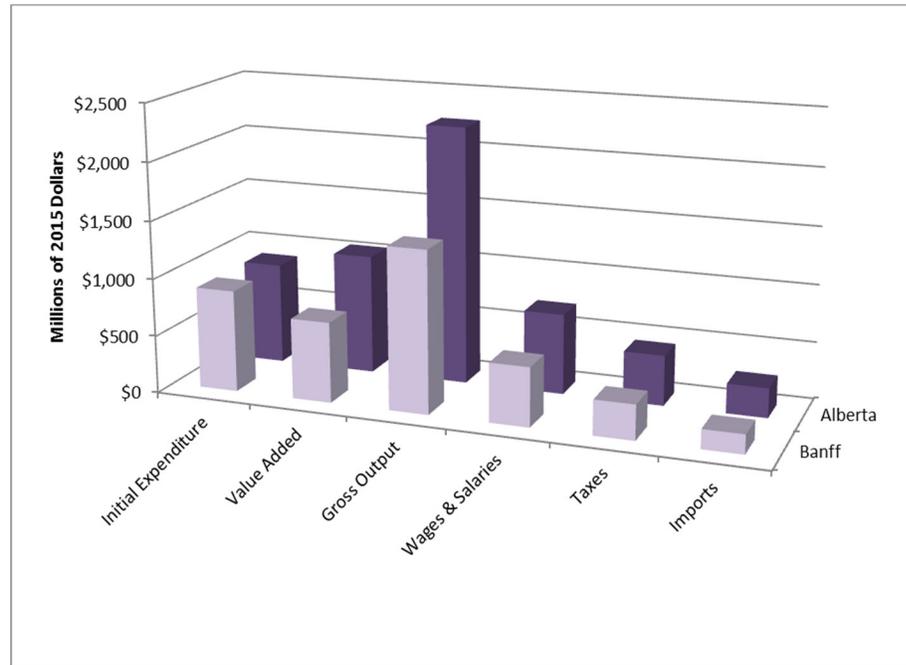
The estimated total direct tourism expenditures in Banff in 2015 using the eclectic approach are both large and significant. The impacts resulting from the direct tourism expenditures are also relatively substantial and significant, particularly for a small economy with limited economic diversification and industrial articulation.

### Comparative Impacts

Total initial tourism expenditures in Banff are estimated to be nearly \$886 million and these sustained large and substantive impacts in Banff and the Province. The standard comparative impacts are displayed in Table 8 and Figure 10 below.

- The income of Banff (value added) is permanently increased by about \$701 million annually by these initial tourism expenditures. The estimated provincial income impact is over \$1.04 billion. These impacts are considered recurrent that can be expected year in and year out. The share of Banff in the total income (value added) impacts is relatively high. This is due to the high local content of tourism expenditures and their labour intensive nature.
- The multiplier measures for the total value-added (income) impacts were 1.18 for Alberta and 0.79 for Banff. This finding confirms that much of the indirect and induced impacts of spending in Banff fall to regions outside Banff, and particularly the Calgary & Area Tourism Region. This is to be expected in small and undiversified local economies in the proximity of major urban centres. The Calgary & Area Tourism Region supplies the Banff tourism industry with most of its goods and services, explaining why the indirect impact falls heavily out of the region.
- Wages and Salaries in Banff are augmented by a substantial amount of \$514 million in 2015. The province-wide wages and salaries are augmented by over \$702 million. These wages and salaries support a direct effective wage of \$36,151 and a total effective wage of \$47,938 in Banff and \$52,187 province-wide.
- Direct tourism wages are relatively lower than other industrial wages, but when total effective wages are considered, much higher wages are observed. This is the result of the higher skills required to sustain the indirect and induced effects of tourism where lawyers, consultants, accountants and engineers are involved.

Figure 10: Economic Impacts of Tourism in Banff



Source: Grant Thornton LLP, WMC, and Econometric Research Limited

Table 8: Economic Impact of Tourism in Banff (2015 Dollars)

	Alberta	Banff
<b>Initial Expenditure</b>	\$885,502,123	\$885,502,123
<b>Value Added</b>		
Direct	\$348,348,876	\$348,348,876
Indirect & Induced	\$695,925,483	\$352,237,316
Total	\$1,044,274,359	\$700,586,192
Multiplier	1.18	0.79
<b>Gross Output</b>		
Direct	\$885,502,123	\$885,502,123
Indirect & Induced	\$1,361,732,781	\$521,960,192
Total	\$2,247,234,904	\$1,407,462,315
Multiplier	2.54	1.59
<b>Wages &amp; Salaries</b>		
Direct	\$254,004,359	\$254,004,359
Indirect & Induced	\$448,381,339	\$260,081,416
Total	\$702,385,698	\$514,085,775
<b>Employment</b>		
Direct	7,226	7,226
Indirect & Induced	6,233	3,498
Total	13,459	10,724
Multiplier	1.86	1.48
<b>Taxes</b>		
Federal	\$270,372,282	\$184,130,383
Provincial	\$143,638,279	\$103,886,241
Local	\$24,155,156	\$17,470,192
Total	\$438,165,717	\$305,486,816
<b>Imports</b>		
From Other Provinces	\$111,075,613	\$72,806,981
From Other Countries	\$146,905,995	\$95,524,422
Total	\$257,981,608	\$168,331,403

Source: Econometric Research Limited

## Tax Impacts

The following tax revenue streams are estimated to have been generated by these tourism expenditures in Banff.

- The total taxation impact of tourism in Banff, on a province-wide basis, was over \$438 million in 2015.
- The local governments in Alberta derive tax revenues of \$24.2 million.
- The Provincial government share in tax revenues sustained by tourism expenditures in Banff was significant at about \$144 million in 2015.
- The Federal government share was even higher at over \$270 million.
- The Local government in Banff derived a total of \$17.5 million in taxes. This was estimated using a mill rate of 3.52 on residential assessments, and 89.3% as the tourism share of non-residential taxes of \$15,272,514.
- Based on the total taxation impact, the Federal government's share in total tax revenues collected on the tourism impacts was 62%, the share of the Provincial government was 33%, and local governments realized 6%, of which Banff's share exceeded 72%.

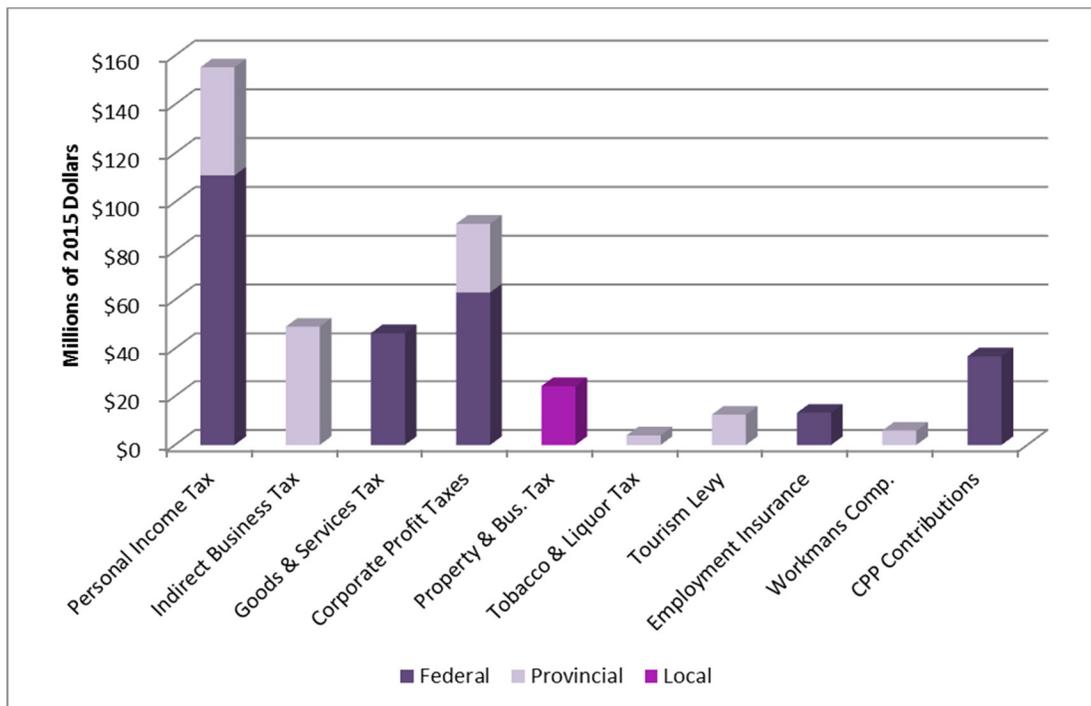
The detailed breakdown of tax revenues, based on province-wide impacts, is outlined in Table 9 and Figure 11.

**Table 9: Tax Impact of Tourism in Banff (2015 Dollars)**

	Alberta	Banff
<b><i>Federal</i></b>		
Personal Income Tax	\$110,961,326	\$81,214,124
Goods & Services Tax	\$46,319,367	\$31,891,127
Corporate Profit Taxes	\$63,022,106	\$34,378,587
Employment Insurance	\$13,241,617	\$9,691,722
CPP Contributions	\$36,827,866	\$26,954,823
Subtotal	\$270,372,282	\$184,130,383
<b><i>Provincial</i></b>		
Personal Income Tax	\$44,287,760	\$32,414,822
Indirect Business Tax	\$48,955,077	\$36,446,275
Corporate Profit Taxes	\$28,123,731	\$15,341,508
Tobacco & Liquor Tax	\$3,953,417	\$2,943,256
Tourism Levy	\$12,432,450	\$12,432,450
Workmans Comp.	\$5,885,844	\$4,307,931
Subtotal	\$143,638,279	\$103,886,241
<b><i>Local</i></b>		
Property & Bus. Tax	\$24,155,156	\$17,470,192
<b><i>Total</i></b>	<b>\$438,165,717</b>	<b>\$305,486,816</b>

Source: Econometric Research Limited

Figure 11: Banff Tourism Tax Impacts in Alberta



Source: Econometric Research Limited

### Employment Impacts

- More than 13,459 Albertans owe their permanent jobs to these tourism expenditures in Banff. The majority of them, 10,724 person-years, are in Banff, making tourism the dominant employer in the community.
- The employment impacts are sector specific with accommodation employment accounting for the highest contribution with 6,394 person years in Banff. Employment in the trade sector is second highest with 1,573 person years followed by other services with about 829 person years.
- The same sectors are credited with the largest employment impacts at the provincial level.
- Although a few sectors stand out for making large employment contributions, every sector in the provincial economy shows some employment impacts.

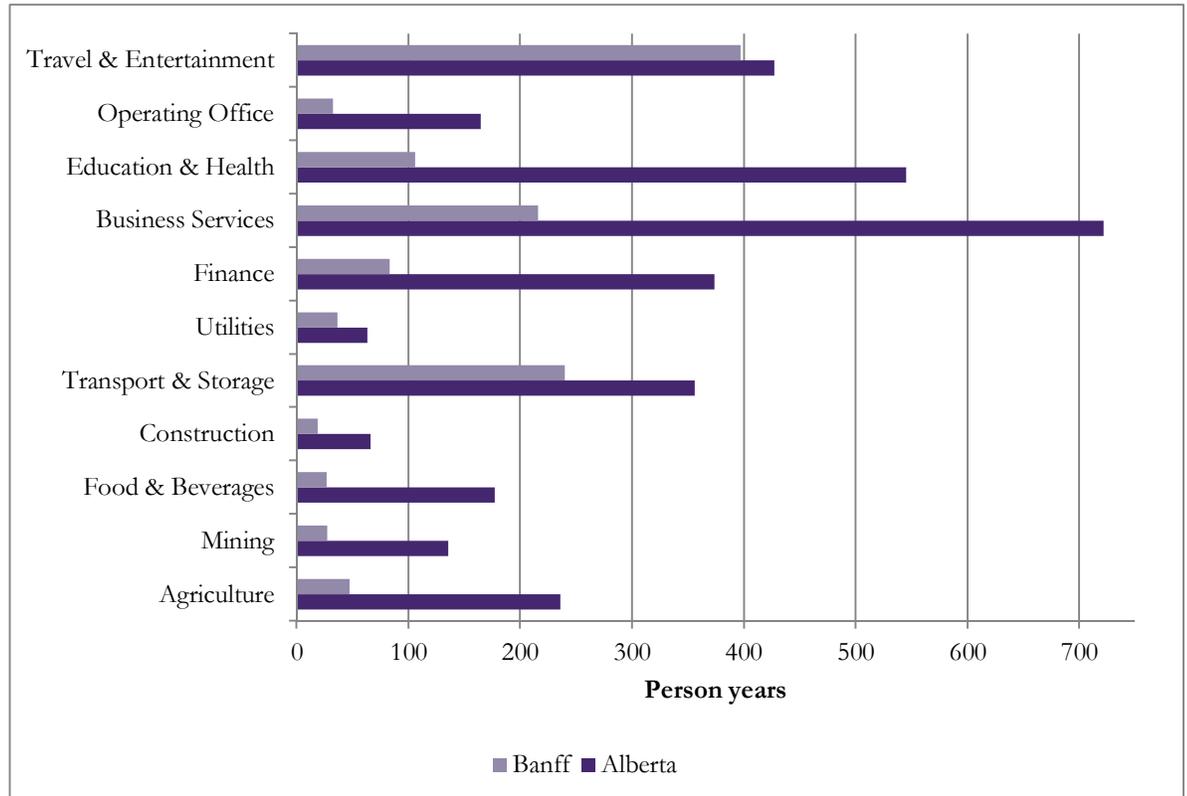
Table 10: Employment Impact of Tourism in Banff, 2015 (Person Years)

	Alberta	Banff
Agriculture	235.55	47.11
Fishing	1.89	0.38
Forestry	6.84	0.68
Mining	135.46	27.09
Food & Beverages	176.97	26.55
Rubber & Plastic	14.62	2.92
Clothing Industry	3.50	0.52
Wood Industry	8.32	1.66
Furniture	6.73	1.35
Paper & Allied P.	6.71	1.34
Printing & Publish.	23.30	9.32
Primary Metals	3.03	0.61
Metal Fabricating	23.57	4.71
Machinery & Equip.	16.17	3.23
Transport Equipment	6.00	1.20
Computer & Electronic	5.92	1.18
Electrical Products	3.22	0.64
Non-Metal. Minerals	5.85	2.34
Petroleum Products	55.71	11.14
Chemicals & Chem. P.	10.58	2.12
Other Manufacturing	11.44	2.86
Construction	65.90	18.41
Transport & Storage	355.74	239.81
Utilities	63.10	36.41
Trade	1,722.93	1,572.59
Finance	373.61	83.23
Business Services	721.65	215.53
Education & Health	545.01	105.53
Accommodation	6,396.06	6,393.73
Other Services	943.28	828.57
Operating Office	164.28	32.03
Travel & Entertainment	427.22	396.90
Transportation Margins	37.62	7.12
Other Employment	881.03	644.88
<b>Total</b>	<b>13,458.81</b>	<b>10,723.69</b>

Source: Econometric Research Limited

The following graph highlights tourism employment impacts by sector category. Sectors that had minimal or no impacts are not shown in the graph. Please refer to Table 10 for a complete list of sectors.

**Figure 12: Tourism Employment Impacts by Sector in Banff**



Source: Econometric Research Limited

## 8. Estimated Economic Impacts - Jasper

### Introduction

The total economic impacts of the tourism expenditures in Jasper estimated earlier are presented in Tables 11, 12 and 13 and Figures 13, 14 and 15. Both local (Jasper) and province-wide impacts are presented.

The estimated total direct tourism expenditures in Jasper in 2015 using the eclectic approach are large and significant, given the relative size of the local economy. The impacts resulting from the direct tourism expenditures are also substantial and significant, particularly for a small economy with limited economic diversification and industrial articulation.

### Comparative Impacts

Total initial tourism expenditures in Jasper are estimated to be over \$318 million and these sustained large and substantive impacts in Jasper and the Province. The standard comparative impacts are displayed in Table 11 and Figure 13 below:

- The income of Jasper (value added) is permanently increased by about \$246 million annually by these initial tourism expenditures. The estimated provincial income impact is over \$375 million. These impacts are considered recurrent that can be expected year in and year out. The share of Jasper in the total income (value added) impacts is relatively high. This is due to the high local content of tourism expenditures and their labour intensive nature.
- The multiplier measures for the total value-added (income) impacts were 1.18 for Alberta and 0.77 for Jasper. This finding confirms that much of the indirect and induced impacts of spending in Jasper fall to regions outside Jasper, and particularly the Edmonton & Area Tourism Region. This is to be expected in small and undiversified local economies in the proximity of major urban centres. The Edmonton & Area Tourism Region supplies the Jasper tourism industry with most of its goods and services, explaining why the indirect impact falls heavily out of the region.
- Wages and Salaries in Jasper are augmented by a substantial amount of about \$182 million in 2015. The province-wide wages and salaries are augmented by about \$252 million. These wages and salaries support a direct effective wage of \$35,388 and a total effective wage of \$47,893 in Jasper and \$52,431 province-wide.
- Direct tourism wages are relatively lower than other industrial wages, but when total effective wages are considered, much higher wages are observed. This is the result of the higher skills required to sustain the indirect and induced effects of tourism where lawyers, consultants, accountants and engineers are involved.

Figure 13: Economic Impacts of Tourism in Jasper

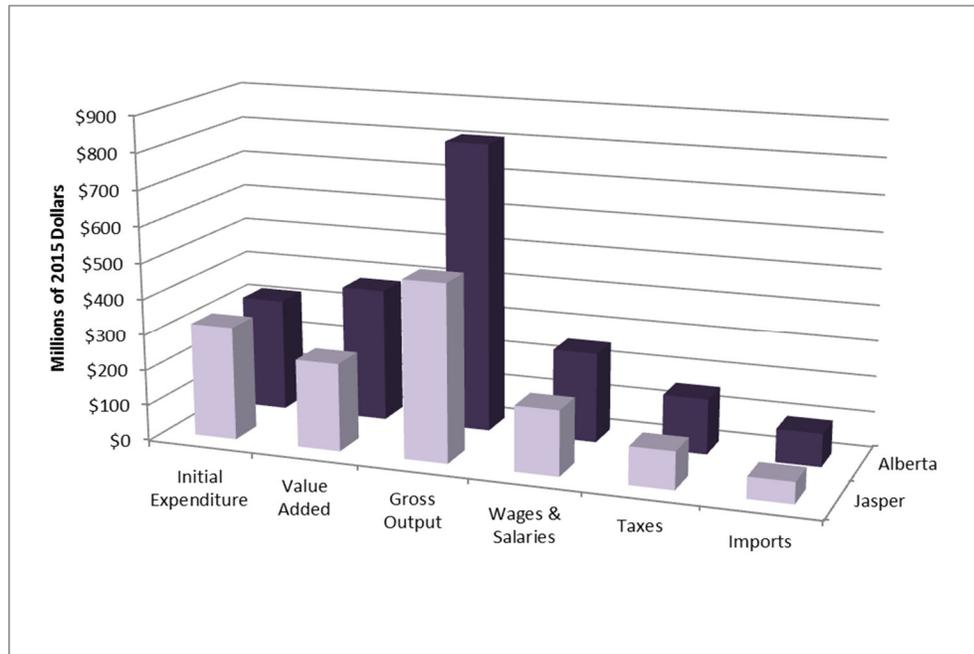


Table 11: Economic Impact of Tourism in Jasper (2015 Dollars)

	Alberta	Jasper
<b>Initial Expenditure</b>	\$318,401,250	\$318,401,250
<b>Value Added</b>		
Direct	\$124,716,002	\$124,716,002
Indirect & Induced	\$250,480,681	\$120,957,408
Total	\$375,196,683	\$245,673,410
Multiplier	1.18	0.77
<b>Gross Output</b>		
Direct	\$318,401,250	\$318,401,250
Indirect & Induced	\$489,827,207	\$178,382,600
Total	\$808,228,457	\$496,783,850
Multiplier	2.54	1.56
<b>Wages &amp; Salaries</b>		
Direct	\$90,769,258	\$90,769,258
Indirect & Induced	\$161,110,879	\$90,935,795
Total	\$251,880,137	\$181,705,053
<b>Employment</b>		
Direct	2,565	2,565
Indirect & Induced	2,239	1,229
Total	4,804	3,794
Multiplier	1.87	1.48
<b>Taxes</b>		
Federal	\$97,122,558	\$64,614,765
Provincial	\$51,327,629	\$36,376,348
Local	\$6,098,206	\$4,321,853
Total	\$154,548,393	\$105,312,966
<b>Imports</b>		
From Other Provinces	\$39,905,377	\$25,773,525
From Other Countries	\$52,742,482	\$33,924,184
Total	\$92,647,859	\$59,697,709

Source: Econometric Research Limited

## Tax Impacts

The following tax revenue streams are estimated to have been generated by these tourism expenditures in Jasper.

- The total taxation impact of tourism in Jasper, on a province-wide basis, was about \$155 million in 2015.
- The local governments in Alberta derive tax revenues of \$6.1 million.
- The Provincial government share in tax revenues sustained by tourism expenditures in Jasper was significant at \$51.3 million in 2015.
- The Federal government share was even higher at nearly \$97.1 million.
- The Local government in Jasper derived a total of over \$4.3 million in taxes. This was estimated using a mill rate of 5.17 on residential assessments, and 47.7% as the tourism share of non-residential taxes of \$4,844,162.
- Based on the total taxation impact, the Federal government's share in total tax revenues collected on the tourism impacts was 63%, the share of the Provincial government was 33%, and local governments realized 4%, of which Jasper's share exceeded 71%.

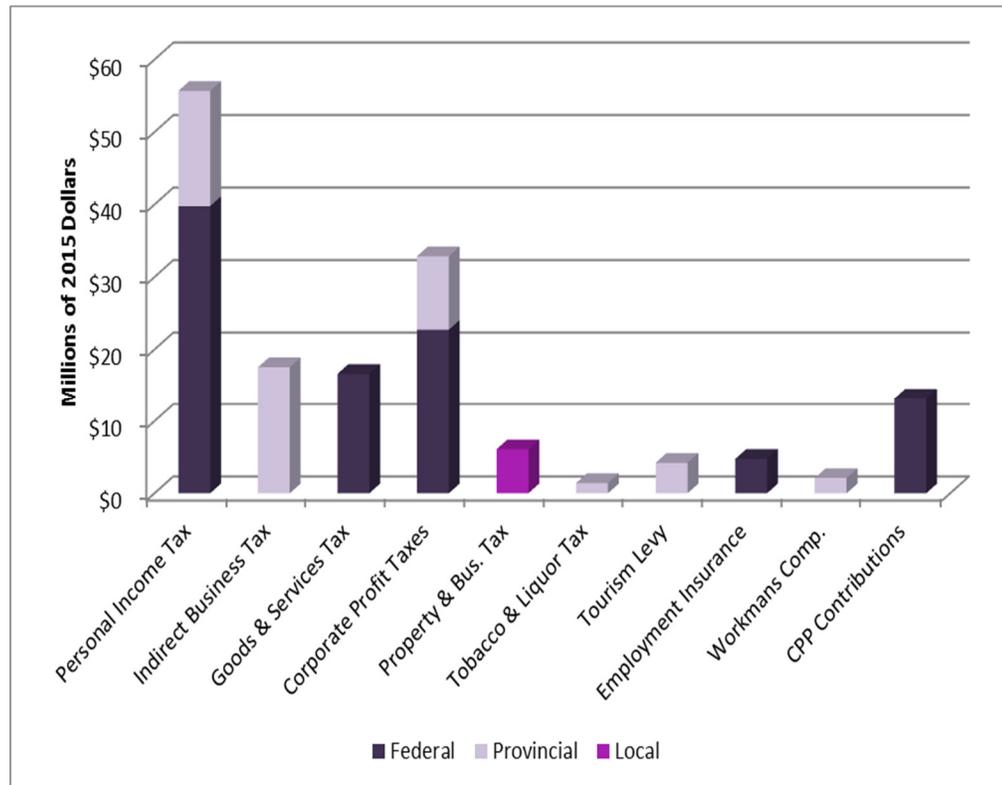
The detailed breakdown of tax revenues, based on province-wide impacts, is outlined in Table 12 and Figure 14.

Table 12: Tax Impact of Tourism in Jasper (2015 Dollars)

	Alberta	Jasper
<b><i>Federal</i></b>		
Personal Income Tax	\$39,791,462	\$28,705,359
Goods & Services Tax	\$16,644,273	\$11,164,964
Corporate Profit Taxes	\$22,731,577	\$11,791,618
Employment Insurance	\$4,748,531	\$3,425,566
CPP Contributions	\$13,206,715	\$9,527,257
Subtotal	\$97,122,558	\$64,614,765
<b><i>Provincial</i></b>		
Personal Income Tax	\$15,881,882	\$11,457,109
Indirect Business Tax	\$17,545,744	\$12,867,093
Corporate Profit Taxes	\$10,144,008	\$5,262,032
Tobacco & Liquor Tax	\$1,416,924	\$1,039,095
Tourism Levy	\$4,228,369	\$4,228,369
Workmans Comp.	\$2,110,703	\$1,522,650
Subtotal	\$51,327,629	\$36,376,348
<b><i>Local</i></b>		
Property & Bus. Tax	\$6,098,206	\$4,321,853
<b><i>Total</i></b>	<b>\$154,548,393</b>	<b>\$105,312,966</b>

Source: Econometric Research Limited

Figure 14: Jasper Tourism Tax Impacts in Alberta



Source: Econometric Research Limited

### Employment Impacts

- More than 4,804 Albertans owe their permanent jobs to these tourism expenditures in Jasper. The majority of them, 3,794 person-years, are in Jasper, making tourism the dominant employer in the community.
- The employment impacts are sector specific with accommodation employment accounting for the highest contribution with 2,254 person years in Jasper. Employment in the trade sector is second highest with 571 person years followed by other services with about 297 person years.
- The same sectors are credited with the largest employment impacts at the provincial level.
- Although a few sectors stand out for making large employment contributions, every sector in the provincial economy shows some employment impacts.

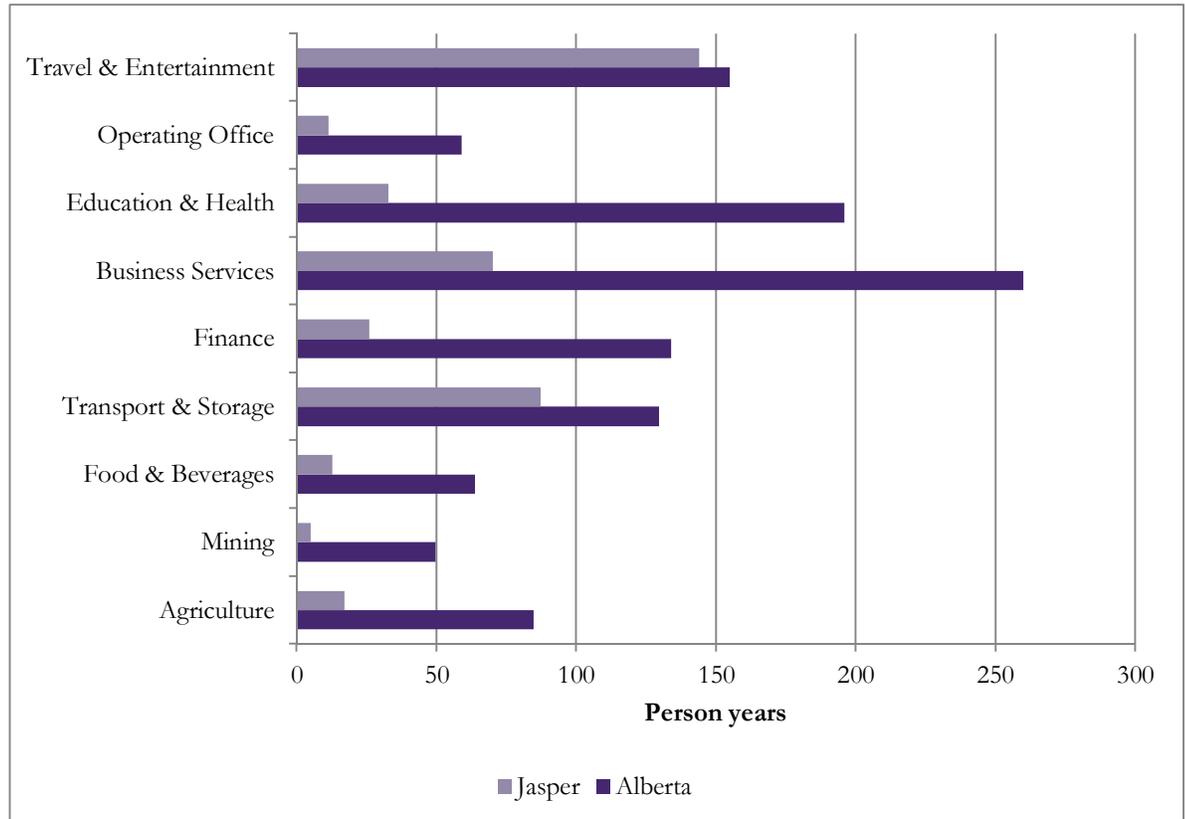
**Table 13: Employment Impact of Tourism in Jasper, 2015 (Person Years)**

	Alberta	Jasper
Agriculture	84.66	16.93
Fishing	0.68	0.20
Forestry	2.46	0.49
Mining	49.65	4.87
Food & Beverages	63.78	12.76
Rubber & Plastic	5.26	1.05
Clothing Industry	1.25	0.25
Wood Industry	2.99	0.33
Furniture	2.41	0.48
Paper & Allied P.	2.41	0.48
Printing & Publish.	8.40	3.36
Primary Metals	1.10	0.11
Metal Fabricating	8.48	1.70
Machinery & Equip.	5.83	1.17
Transport Equipment	2.16	0.43
Computer & Electronic	2.13	0.43
Electrical Products	1.16	0.23
Non-Metal. Minerals	2.10	0.84
Petroleum Products	20.51	4.10
Chemicals & Chem. P.	3.81	0.76
Other Manufacturing	4.11	0.82
Construction	23.67	5.61
Transport & Storage	129.63	87.10
Utilities	22.67	12.84
Trade	624.82	570.63
Finance	133.92	25.80
Business Services	259.81	70.07
Education & Health	195.88	32.81
Accommodation	2,255.26	2,254.38
Other Services	339.57	297.25
Operating Office	58.98	11.24
Travel & Entertainment	154.92	143.84
Transportation Margins	13.50	2.63
Other Employment	315.96	227.92
<b>Total</b>	<b>4,803.93</b>	<b>3,793.91</b>

Source: Econometric Research Limited

The following graph highlights tourism employment impacts by sector category. Sectors that had minimal or no impacts are not shown in the graph. Please refer to Table 13 for a complete list of sectors.

**Figure 15: Tourism Employment Impacts by Sector in Jasper**



Source: Econometric Research Limited

## 9. Tourism GDP within the Broader Town Economies

### Introduction

Estimates of income (GDP) are typically not calculated at the community level. These estimates are usually reserved for countries and provinces. Statistics Canada generates GDP estimates for Canada and for the provinces and territories but never for any smaller geography. It is a challenge to quantify estimates of community incomes in the absence of specific income or industry data for the community.

To do this, indirect estimates of income are necessary, but the accuracy of the estimates of community income is not high. The choice is between no estimates at all and imperfect estimates.

Accordingly, the study team used the Alberta average productivity of labour (Alberta GDP divided by total employment). This results in \$138,010 per worker in 2011 dollars (GDP, CANSIM Series v62462994 and Employment, CANSIM Series v2367972). The team used data for 2011 because this is the census year for which community employment data exists. Multiplying employment in the community by the average productivity figure generates our estimates of total community income. The direct tourism GDP estimate (corrected for inflation between 2011 and 2015) from the model is divided by the estimated community GDP to arrive at the direct share of tourism in total community income.

### Share of Tourism GDP in the Community Income

The results of this analysis are presented in Table 14. Tourism makes its largest direct contribution to the income of Banff (51.6%). Tourism in Jasper contributes directly 27.5% and is lowest in Canmore with only 10.2%. The differential shares are a reflection of the relative diversification of the local economy. In this sense, Banff has the least diversified local economy (depends most on tourism) and Canmore is the most diversified (depends least on tourism).

Relying only on the direct contributions of tourism to the local economy understates the importance of this sector to the economy at large. A better perspective on the importance of the tourism sector in the local economies is gained when indirect contributions are added. The Study Team did not add the induced effects given that the latter are not typically sector specific.

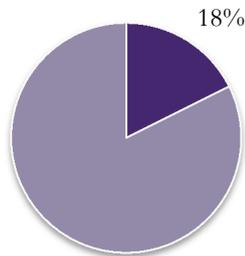
When both the direct and indirect contributions to local GDP are considered, tourism in Banff contributes over 89% of the community's income. The share of tourism in Jasper rises to 47.7% and that of Canmore to 17.6%. The following graphs and tables present the share of direct and indirect tourism GDP as a percentage of total GDP for each community.

**Table 14: Share of Tourism GDP in Community GDP**

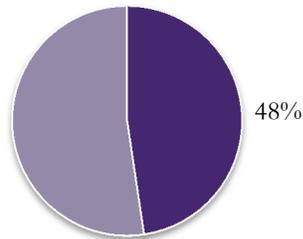
	Canmore	Banff	Jasper
Total GDP	\$1,191,666,813	\$618,283,104	\$414,856,922
Tourism Direct GDP	\$121,428,571	\$319,047,619	\$114,194,139
<i>Share of Tourism in GDP</i>	10.2%	51.6%	27.5%
Tourism Direct and Indirect GDP	\$210,223,162	\$552,351,054	\$197,698,554
<i>Share of Tourism in GDP</i>	17.6%	89.3%	47.7%

Source: Econometric Research Limited

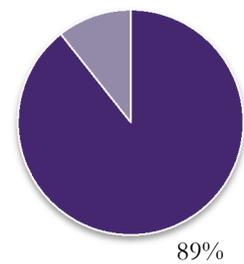
**Canmore - Direct & Indirect Tourism GDP as % of Total Community GDP**



**Jasper - Direct & Indirect Tourism GDP as % of Total Community GDP**



**Banff - Direct & Indirect Tourism GDP as % of Total Community GDP**



## 10. Unique Attributes of the Rockies Towns

### Introduction

This section of the report discusses the unique features and challenges of the three Canadian Rockies tourism communities. The sources relied upon for this summary include:

- Secondary research and strategy documents, including:
  - *A Pathway to Growth – Alberta’s Tourism Framework 2013 – 2020*, Alberta Tourism, Parks and Recreation and Travel Alberta, October 2013;
  - *Alberta Tourism Communities Benchmarking and Competitiveness Review*, Headwater Group, August 2015; and,
  - Research related to the experience of other jurisdictions.
- Primary research, including telephone interviews with 22 key stakeholders from the three communities (see Appendix 2 for a list of interviewees).

### Alberta’s Resort Communities Act as Support Communities to Canada’s Most Significant National Parks

As noted in *Overview of Communities* presented earlier, a key distinguishing feature of the three communities is that they are located in (Banff and Jasper) or near (Canmore) a National Park. As a result, these three communities provide the key LOCAL support infrastructure to the Canadian Rockies and the region’s visitors. They act as gateways for tourists to access these regions. They provide the high-quality tourism services required by these visitors.

### The Canadian Rockies and its Resort Communities are Competitively Positioned with Regard to Product Offerings that are in High Demand

Also as noted earlier in this report, The *Pathway to Growth – Alberta’s Tourism Framework 2013 – 2020* lists 13 tourism “products” which are prominent in Alberta. Of these products, the Canadian Rockies offer eight as “primary” products. Other regions in Alberta do not have the same level of tourism product diversity and strength as the Rockies.

### Alberta Resort Communities are Uniquely International Export Generators in Alberta

The Canadian Rockies— including the key tourism communities of Jasper, Banff and Canmore – collectively form Alberta’s most iconic attraction, and one of Canada’s most widely-recognized destinations on the international tourism stage.

- These three Alberta communities collectively account for only 0.68% of Alberta’s population, but act as the “hosts” for 13% of Alberta’s visitors. In 2012, the Rockies hosted 4.27 million visitors, while Alberta as a whole hosted 33.09 million visitors.

- Visitors to the Rockies generated \$1.09 billion in direct tourism expenditures in 2012, representing 15% of total direct tourism expenditures in Alberta. Direct tourism expenditures for Alberta as a whole in 2012 totalled \$7.27 billion.
- These communities collectively account for 24.8% of Alberta's tourism export revenue, which equates to almost \$700 million in 2012. In most circles, this role of the Canadian Rockies' tourism communities would be considered unique in Alberta and in Canada.

### **Alberta Resort Communities are Uniquely Large Contributors to Provincial Taxation Revenues from Tourism**

The Canadian Rockies tourism communities collectively sustained \$756.5 million in total taxation resulting from tourism activity in 2012. No other communities of similar size in Alberta could claim such a large impact from tourism.

Tourism communities sustained \$249.1 million in provincial tax revenue in 2012, again a contribution far exceeding any other community of a similar size or any Alberta community on a per capita basis.

Federal taxes of \$472.3 million reflect the labour intensity of tourism. The three small tourism communities with a combined population of 27,000 account for almost \$500 million in Federal tax revenue. This tourism taxation revenue is also based significantly on export revenue and thus constitutes a tax contribution of importance to the province.

Finally, it is worth noting again that the above impacts are ANNUAL in nature, to the extent that tourism continues in these communities. Over ten years, these tourism communities will sustain over \$7.5 billion in taxation revenues to all governments. This is a unique contribution that can arguably be claimed by no other community of 25,000 people in Canada.

### **Other Areas of Alberta Benefit from the Visitors who come to the Rockies**

The ability of the Rockies to attract visitors from international markets, in addition to domestic markets, benefits the province as a whole, and other communities in Alberta. For example:

- Visitors who have the primary trip purpose of visiting the Rockies will typically also visit other cities and destinations in Alberta (and Canada). This results in visitor spending and spin off benefits in other areas of Alberta and Canada.
- The visitor spending in Jasper, Banff and Canmore results in indirect and induced economic and employment impacts in other parts of Alberta, as some of the goods and services that are needed to support tourism businesses in the Rockies are sourced from elsewhere in Alberta (and Canada).

Even those visitors who come directly to the Canadian Rockies from their international origins will spend money at airports, on ground transportation and on food and beverage in Alberta as they make their way to the primary destination community in the Rockies. The economic impact model estimates the annual value added contribution to other Alberta communities from tourism activity and expenditure in the tourism communities to be approximately \$605 million in 2012 (and, by extension, annually).

## Two of the Resort Communities Attract Visitor Volumes that Far Exceed the Local Population

As a result of the competitive strengths noted earlier, the area attracts a large number of visitors. In the case of Banff and Jasper, the visitor population far exceeds local populations on a daily basis. The 2015 report completed by the Headwater Group provides the following resident and visitor population numbers<sup>4</sup>. Note that population figures presented elsewhere in this document vary slightly from the Headwater Group’s figures, as the latter figures are more current.

	Residents	Visitors (est. average daily)	Ratio Residents:Visitors	Visitors as % of Residents
Jasper	5,266	9,570	0.55:1.00	183%
Banff	8,244	15,874	0.52:1.00	193%
Canmore	12,317	8,363	1.47:1.00	68%

*Source: Adapted by Grant Thornton LLP from Alberta Tourism Communities Benchmarking and Competitiveness Review, Headwater Group, August 2015*

The reason Canmore does not show a greater ratio of tourism to local residential population is because the non-permanent population of Canmore cannot be counted as “tourism”. So those owners of secondary properties in Canmore, many of whom invite friends and relatives to join them for weekends in Canmore, are normally not counted as tourists in the survey system in Canada.

This data underscores the earlier points made, that communities with 0.68% of Alberta’s population are disproportionately the service centres for visitors to the Canadian Rockies region of Alberta, and that they experience very high ratios of visitors to their core populations. The implications of this unique role of these Alberta communities are documented more fully later.

## Alberta Resort Communities Incur Far Greater Costs as a Result of the High Visitation Levels

In order to support the volumes of visitors experienced in the Canadian Rockies, the three tourism communities have been required to invest heavily compared to other communities, as highlighted below:

- Heavy investment in core infrastructure to support high daily volumes of visitation;
- Creating higher architectural standards, thereby increasing building costs, in order to remain internationally competitive; and,
- Investing more heavily than other communities in support systems such as public washrooms, multi-lingual signing and way-finding, visitor information centres with full time staff, street furniture to support visitors, and much more.

In this section, some of these costs elements which make Banff, Jasper and Canmore unique as resort communities are identified and discussed.

<sup>4</sup> Brunnen, 2012, as taken from Alberta Tourism Communities Benchmarking and Competitiveness Review, Headwater Group, August 2015, p. 6.

### Capital Asset Investment Exceeds Comparable Communities by Over 50%

High visitation levels require significant investment in capital assets, relative to other communities in Alberta with similarly-sized resident populations. The Headwater Group report indicated that the average per capita tangible asset expenditure was:

- \$15,485 for Jasper, Banff and Canmore; and
- \$10,054 for the comparable non-tourism communities.<sup>5</sup>

The capital value of infrastructure is “a good proxy for comparison to non-tourism communities” (Headwater Group, Section 6.0). The average per capita tangible asset value in the Canadian Rockies communities is 54% higher than that of the ten comparison communities in 2012 (using Provincial Milnet data). This underlines the heavy infrastructure requirements of tourism communities to support the visitor population, which often exceeds the resident population.

Stakeholder interviews both confirmed and further elaborated on these costs exceeding comparable communities, as noted below:

- The investment in civic amenities and infrastructure in the resort communities is typically higher than it would be in other Alberta communities as there is an **expectation of higher quality and more specific design** standards.
  - As examples, way-finding signs, street furniture, public washrooms, and even recreation centres need to be of high-quality and need to reflect the “brand”, the “look” and the “feel” of an internationally-significant resort community.

Through a survey of comparable communities, the Headwater Group was able to compare the usage levels of specific infrastructure in the Canadian Rockies’ tourism communities as compared to the average of ten comparable communities. The results are summarized below.

Finding	Description
Municipal Waste Water Treatment Capacity is More than Double Comparable Communities	The average peak flow treatment capacity per capita of the tourism communities was 3.26 times the capacity of four comparable Alberta communities. Banff’s capacity was much higher than the comparable communities, while Jasper’s capacity was slightly above. Peak waste water demand, measured in mega litres per day, is much higher in tourism communities. Average peak municipal waste water demand is roughly double for tourism communities as compared with a sample of four comparable communities.
Water Service Supply Requirements are Greater in Tourism Communities	Water service supply responding to average peak demand is 1.75 times greater for the average of tourism communities as compared with four comparable communities. However, Banff’s capacity is much higher, while Canmore has a lower capacity. All three communities have a higher average peak demand than the comparable communities.
Transit Services are Required in Tourism Communities; Not in Comparable Communities	Tourism communities provided 1.19 hours of transit service per capita in 2013. Comparable communities provided no hours of transit service. Tourism communities incurred costs of \$71.52 per capita for transit services in 2013. Comparable communities incurred \$0 costs.
Affordable Housing Provision is Necessary in	Banff and Canmore provide affordable housing. The Headwater Group study indicated that this was the case for only one of the comparable communities. The average for

<sup>5</sup> Stettler, Devon, Bonnyville, Olds, Sylvan Lake, Strathmore, Wetaskawin, High River, Brooks, Beaumont

Finding	Description
Tourism Communities	Tourism communities that provide housing was 1.8 times as much per capita as for the comparable community in this study.
Tourism Communities Provide over 3.5 times the off Street Parking Stalls Per Capita than Comparable Communities	Tourism communities provided and maintained approximately one off street parking stall for every 130 residents, over 3.5 times the provision by comparable communities. For parkade stalls, the tourism communities provided 3.4 times as many stalls per capita.
Tourism Communities Incur Servicing Costs that Comparable Communities Do Not Incur	Stakeholder survey respondents identified a number of cost categories they incur that are simply not incurred by comparable communities. While data for these specific areas was not readily available, they represent added costs to tourism communities: <b>Power Costs</b> – greater usage of municipal infrastructure by visitors, in addition to residents means municipal power costs are higher. <b>Public Washrooms</b> – capital and operating costs for maintaining year round public washrooms is not a cost incurred by comparable municipalities. Tourism communities have this cost. <b>Road Maintenance</b> – road costs are higher due to the greater traffic loads from tourist vehicles. <b>Way-finding</b> – high-quality signing, often in multiple languages, is required to support the visitor populations. <b>Information Centre</b> – tourism communities need information centres in the townsite. Often the municipality fronts the cost through provision of space, low rent and/or other forms of subsidy. <b>Street Furnishing</b> – street furniture is more evident and more costly for tourism communities as compared with other communities.

**Conclusion: Municipal Corporations in Tourism Communities Face Higher Costs Than Comparable Communities**

It is evident that tourism communities face higher costs to service visitor populations than comparable communities.

Some would argue that those higher costs are offset by more retail business, more amenities such as good restaurants, more hotel rooms, and more taxes in municipal coffers. While it is true that private sector operators do enjoy greater revenue and market access in tourism communities, the revenue sources to the Municipal corporations are limited and not reflective of expenditures by visitors.

Revenues are discussed in the following section.

**Tourism Communities Have Insufficient Access to Revenues to Support their Critical Role in Alberta’s Tourism Economy**

While the tourism communities are critical to Alberta’s tourism export economy, they are not likely to remain competitive internationally if their costs and revenues are not better aligned in the future. Dimensions of this issue are addressed below.

**Alberta Tourism Communities are Single-Resource Tourism Towns**

The three tourism communities, but in particular Banff and Jasper, are very reliant on tourism. When both direct and indirect contributions to local GDP are considered:

- Tourism in Banff is estimated to contribute over 89% to the total community income;
- Tourism in Jasper is estimated to contribute close to 48% to the total community income; and,
- Tourism in Canmore is estimated to contribute 17.6% to the total community income.<sup>6</sup>

The differential shares are a reflection of the diversification of the local economy. In this sense, Banff has the least diversified local economy (depending more heavily on tourism) and Canmore is the most diversified (depending least heavily on tourism among the three communities). Opportunities to diversify the local economy are further hampered by the high cost of land and housing.

In addition to being highly dependent on tourism as a single industry, Banff and Jasper have little if any opportunity to diversify their economies in any way. Under the Parks Act, these communities cannot attract industry that does not meet the intent of the Act, and this precluded most other industry than visitor-focused business.

While Canmore has greater degrees of freedom than Banff and Jasper, the community does not want to attract industry that is not aligned with the environmental and recreational culture of the community. As a result, many industries would not be welcome in Canmore.

The heavy reliance on the single industry of tourism, and on Alberta residents who are drawn to the area for recreation, has several implications, as highlighted below.

- The towns have high residential costs driven partially by:
  - Constraints on available land, due in part by National Park status (Banff and Jasper) and finite developable land (Banff, Jasper and Canmore);
  - High demand for housing in Canmore, driven by demand from second-home owners; and,
  - High design standards (resulting in higher development costs and housing prices).
- While the cost of living is higher in the three communities, average household incomes tend to be lower, due to the large tourism labour force.
- The high cost of living, coupled by relatively lower wages in some sectors, impacts the ability of some businesses to attract enough staff to enable them to operate at full capacity to meet visitor demand (e.g., a restaurant that must shut down for one additional day per week due to labour shortages).

#### **Limited Access to Revenue Sources Impairs the Tourism Communities' Ability to Prosper; A Significant Issue for Alberta**

The main funding source for municipalities in Alberta is the property tax. Tourism municipalities incur much higher costs than other Alberta municipalities. The property tax does not and cannot possibly offset those costs, as outlined below.

- While the capital investment per capita is higher in the three resort towns than in other Alberta communities, the ability to raise and/or acquire the revenue required to fund this capital investment is very limited.

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<sup>6</sup> Econometric Research Limited, 2016.

- Residential mill rates are intentionally and necessarily kept low to address issues regarding housing affordability for local residents. So while property valuations per capita may be very high, the municipal yield from each residential property is about what one would find in comparable municipalities with lower housing costs. This is done in recognition of the lower household income in these communities and the limited ability to pay by some residents. However, as established in the prior section, municipal costs are significantly higher.
- The capacity and quality of infrastructure, amenities and services in the tourism communities needs to be higher than what would be required for only the resident populations of the towns. However, there is no tax room to offset those costs.
- The tourism communities have, collectively, 1.5 times the commercial accommodation units per capita as the average. Banff and Jasper have nine times the rooms per capita. While this fact means thousands of visitors can overnight in these communities, the revenue to the municipality does not reflect the burden of use exacted by these thousands of visitors.
- There are essentially very limited non-residential taxation sources that are not attached to tourism in these towns. As a result, commercial taxes on tourism suppliers pay for a large share of these costs. This is not sustainable over the long term, as increasing costs it will ultimately drive away tourists.
- The funding model for the Alberta Municipal Infrastructure Program (AMIP) is based on the resident population. The need to provide infrastructure for the much larger visitor population is not factored into the AMIP funding formula, even though Alberta as a whole benefits from the visitor spending revenue that is generated in the province by international and other visitors to the Rockies. AMIP funding does not recognize the non-Permanent population in its calculation, thereby exacerbating the gap between people using infrastructure and the funds to finance it.

#### **Destination Marketing Fee (DMF) and License Revenue do not Support the Municipality**

While some have argued that license and DMF revenue can offset municipal costs, these revenues do not accrue to the municipality.

DMF revenue, collected voluntarily by hotels in Canmore and Jasper, is dedicated entirely to marketing the destination.

License revenue, collected by the Town of Banff for Banff/Lake Louise Tourism is also dedicated to marketing. While this source may appear to be municipal, it was actually requested and conceived by the tourism industry in 1991 and the industry continuously and aggressively points out that it is NOT a municipal tax.

These revenues do not represent areas where the municipality can find new and elastic sources of funds to offset high infrastructure costs.

#### **Non-Permanent Populations are Relatively Unique to Alberta Resorts**

There is a relatively large proportion of non-permanent residents in the three communities, who are drawn to the area for its natural beauty and recreational opportunities. This is particularly the case in Canmore.

Canmore's population is 13,077. In addition, an estimated 3,890 non-permanent residents own property in Canmore (Canmore Census, 2014). This is 29.7% of the permanent population.

- They tend to be wealthier than the permanent residents, and, in effect, push up housing prices.
- They tend to demand high services levels.
- They tend to visit primarily on weekends and, as a result, they do not participate heavily in the community (e.g., limited volunteerism).

On the positive side, the growth of the non-permanent population in Canmore has resulted in the following types of benefits:

- Growth in the local construction sector, and property-related businesses; and,
- Contributions to local expenditures for fuel, groceries, restaurant meals, and other service and retail offerings.<sup>7</sup>

Findings of the Headwater Group research were that Canmore has about 7.5 times the number of “non-usual residents” as in the provincial average. While this is often a boon to the construction industry, the almost 4,000 non-permanent residents are not counted in many of the grant and transfer calculations of senior governments.

As Banff and Jasper are located within National Parks, these communities are subject to a National Parks regulation regarding residential leases.

*Residential leases in Jasper restrict occupancy to eligible residents as defined in national park regulations. The eligible residency provisions ensure that community lands are available exclusively for community use, rather than recreational or second home purposes.<sup>8</sup>*

Despite the above-noted regulation (also referred as the “need to reside” regulation), both Banff and Jasper also have a number of non-permanent residents. Some of these homes are rented to people who work in the towns. While the non-permanent resident issue is not as notable as it is in Canmore, it does exist in Banff and Jasper, contributing to higher costs of housing as the non-permanent population typically can afford more expensive housing.

#### **Tourism Communities in Alberta are at a Competitive Disadvantaged**

Tourism is a global, highly competitive business. Destinations need to maintain their infrastructure to meet or exceed expectations of their internationally mobile markets or those markets will go elsewhere. Many examples of destinations that have declined from lack of reinvestment mark the literature.

Alberta tourism communities are at a disadvantage compared with competitors due to their lack of access to revenue sources that align with visitation levels:

- Many US resort towns have access to revenue sources that Alberta resorts do not have. They have access to sales taxation, which is a tax related to consumption and which grows as visitor volumes and spending grow. This elastic revenue source enables the US resort towns to fund the higher quality, higher capacity infrastructure required to service visitors. Research conducted for the Headwater Group study indicates that US mountain resort competitors raised revenue of \$8,000

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<sup>7</sup> Town of Canmore, Non-Permanent Resident Impacts Study, Nichols Applied Management, June 2009.

<sup>8</sup> www.pc.gc.ca

per capita, where Jasper, Banff and Canmore raised \$4,000 per capita (2012).<sup>9</sup> This places the Rockies resort towns at a competitive disadvantage.

- The Headwaters Group study reported that property taxes made up 13% of total municipal revenue for the three comparable US resorts, while property tax made up 36% of the total municipal revenue for the three Rockies resort towns (see the following table). These US resort towns have greater flexibility with regard to the revenue tools available, relying less on property taxes to support resort town development and operation.

	Total Municipal Revenue	Property Tax as % of Total Revenue
Aspen, Jackson, Vail	\$174,230,363	13%
Jasper, Banff, Canmore	\$104,075,428	36%

*Source: Adapted by Grant Thornton LLP from Alberta Tourism Communities Benchmarking and Competitiveness Review, Headwater Group, August 2015*

Looking to Canadian competitive examples, the Resort Municipality of Whistler in British Columbia (BC) collects:

- The Resort Municipality Initiative (“RMI”) Tax (4% on the price of rooms sold); and,
  - The Municipal Regional District Tax (“MRDT”) (2% on the price of rooms sold).
- ⇒ This contributes approximately 12% to total municipal funding.

The RMI was introduced by the Province of BC in 2006 and is currently helping fund 14 resort communities in BC. Additional information about the intention of the program is provided below.<sup>10</sup>

*The program is intended to assist small, tourism-based municipalities to support and increase visitation. Since these municipalities typically have a small tax base due to their size, the demands of their tourism activity often strain the resources available to provide infrastructure and event programming. RMI funding allows these communities to dedicate resources to improving tourism-based infrastructure and amenities to attract more visitors and encourage longer stays.*

*The RMI program funds projects which result in the following key outcomes for resort-based communities:*

- Increased resort activities and amenities
- Increased visitor activity
- Increased private investment
- Increased employment in the community
- Increased tourism component in the local economy
- Increased municipal tax revenue
- Diversification of municipal tax base and revenue

*In 2016, the RMOW expects investment of approximately \$6.73 million in RMI funds in the following areas:*

- Product Reinvestment and Development
- Resort Product Diversification
- Market and Segment Growth
- Guest Experience Improvement

<sup>9</sup> Brunnen, 2012, as taken from Alberta Tourism Communities Benchmarking and Competitiveness Review, Headwater Group, August 2015, p. 20.

<sup>10</sup> <https://www.whistler.ca/business/grants-funding/resort-municipality-initiative>

Tourism communities, but particularly Banff and Jasper, compete on the global stage. They work with the international tourism travel trade comprising large companies that move millions of people globally. Those companies and their receptive operators, the companies behind the bus tours, train tours, charter aircraft, and other group travel products, pay attention to globally competitive quality and to competitive prices. They will move their markets to other destinations if quality declines or price increases in Alberta's tourism communities.

In the absence of more elastic taxation sources or other means of funding infrastructure, Alberta tourism communities will decline as competitive destinations. At the present time, both Banff and Jasper have indicated that much of their core, underground infrastructure is at the end of its life cycle. There is no obvious source of funding to renew that infrastructure, and property revenues are inadequate to address this issue.

### **Conclusions**

The Canadian Rockies— including its key tourism communities of Jasper, Banff and Canmore – collectively form Alberta's most iconic attraction, and one of Canada's most widely-recognized destinations on the international tourism stage. The ability of the Rockies to attract visitors from international, in addition to domestic, markets, benefits the province as a whole, and other communities in Alberta. For example, as noted earlier:

- Canadian Rockies tourism is a critical generator of “export” revenue from tourism for Alberta.
- Visitors who have the primary trip purpose of visiting the Rockies will typically also visit other cities and destinations in Alberta (and Canada). This results in visitor spending and spin off benefits in other areas of Alberta and Canada.
- The visitor spending in Jasper, Banff and Canmore results in indirect and induced economic and employment impacts in other parts of Alberta, as some of the goods and services that are needed to support tourism businesses in the Rockies are sourced from elsewhere in Alberta (and Canada).

Given their location in (Banff and Jasper) or near (Canmore) iconic National Parks, these three communities are very unique in several ways.

- The three communities draw large numbers of visitors annually. The number of visitors far exceeds the resident population of each community, which presents unique challenges. These challenges include much higher than average infrastructure costs to support the large visitor population. There is a need to provide higher capacity and higher quality infrastructure, civic amenities and services to support the many visitors to the area. The resulting “wear and tear” on civic infrastructure from high use also leads to high maintenance and operating costs for the local governments. This issue is further exacerbated by limited revenue-generating tools that the local governments can employ, forcing them to rely primarily on property tax revenue. The Province's formula for infrastructure funding, which is based on resident population, does not result in funding that accounts for the large number of visitors.
- Consistent with the above points, the economies of the communities are very reliant on tourism, more so than other communities in Alberta.

Canmore is located near, but not within, a National Park. Canmore is considered a major outdoor adventure playground for Albertans, and also for longer-haul visitors. Its appeal to Albertans, coupled with its proximity to Calgary, has led to the influx of second-home (recreational property) owners. The

non-permanent population comprises close to 30% of the total population. This situation has led to an escalation in housing prices in Canmore, making housing unaffordable for many local residents and potential members of the local workforce.

While resort communities in other jurisdictions also face the issue of having to provide high-capacity and high-quality infrastructure and services to support visitor volumes that exceed local populations, many of these competitive resorts are able to use revenue-generating tools to support these investments. The Alberta Government currently restricts the local governments from introducing these types of tools. The inability of Jasper, Banff and Canmore to raise additional revenue results in considerable financial pressure and could place these resort communities at a competitive disadvantage.

# 11. Conclusions

## Introduction

The study documented the results of the tourism economic impact analysis for the three communities collectively and individually. It also presented analysis related to the relative magnitude of these tourism impacts compared to the GDP of each community, enabling the reader to evaluate the importance of tourism within the broader economies of each community. The report also presented research and analysis regarding the unique attributes of the three communities, which demonstrates both positive and negative impacts of tourism for the communities and the local governments. Key conclusions for the overall study are presented below.

## Economic Impact Conclusions

Tourism in each of the three communities is a dominant industry that sustains the community's employment and income base and contributes significant tax and other revenues to all three levels of government. Tourism economic impacts are not restricted to the community but permeate throughout the province and make significant contributions to other provinces.

Initial direct spending by tourists in the three communities is estimated to have been nearly \$1.55 billion in 2015. The tourism expenditures are typically recurrent and are expected to be made on average each year.

The income of the three communities was increased by over \$1.2 billion as a result of these expenditures in 2015. The income impact is the expected amount that remains in the communities and adds value locally on an annual basis. Alberta's income (Gross Provincial Income) was increased by over \$1.8 billion. These income impacts imply that the tourism in these communities sustains strong economic benefits across the province and the community, albeit differentially. Tourism makes its largest contributions in Banff. But both Canmore and Jasper show high and substantive income, employment and tax contributions as well. The share of direct and indirect income impacts of tourism in total Banff income was 89.3%, whereas it was only 17.6% in Canmore. Banff is more heavily dependent on its tourism industry for its sustenance than is either Jasper with 47.7% or Canmore with 17.6%.

Tourism in the three Rocky Mountain communities translated into jobs in the communities. Some 18,540 full time equivalent jobs were needed to sustain these tourism impacts in the three communities in 2015. These tourism expenditures in the three communities translated into over 23,300 jobs on a province-wide basis.

Furthermore, tourism in the three communities generated tax revenue for all three levels of government. Some \$756 million was collected by all governments in 2015 based on the province-wide tourism impacts in Canmore. The local Governments in the three communities realized \$25.3 million, a small but significant share of their total tax revenues.

While tourism in the three communities sustains local jobs and economic benefits in the immediate area, it also sustains jobs and economic activity in Calgary, Edmonton and all other regions of Alberta. It sustains economic activity outside Alberta, through large imports of supplies and services from other Canadian provinces.

### **Unique Attributes Conclusions**

Given their location in (Banff and Jasper) or near (Canmore) iconic National Parks, these three communities are very unique in several ways.

The three communities draw large numbers of visitors annually. This report demonstrated that the number of visitors far exceeds the resident population of each community, which presents unique challenges. These challenges include much higher than average infrastructure costs to support the large visitor population. There is a need to provide higher capacity and higher quality infrastructure, civic amenities and services to support the many visitors to the area. The resulting “wear and tear” on civic infrastructure from high use also leads to high maintenance and operating costs for the local governments.

This issue is further exacerbated by limited revenue-generating tools that the local governments can employ, forcing them to rely primarily on property tax revenue. In addition, the Province’s formula for infrastructure funding, which is based on resident population, does not result in funding that accounts for the large number of visitors. This presents a risk with regard to the future competitiveness of the Rockies communities’ ability to compete with other prominent resort communities in North America, particularly given that other jurisdictions enable resort communities to use revenue generating tools that support the development and maintenance of higher-capacity and higher-quality civic amenities, infrastructure and services.

The Canadian Rockies area, and its three tourism communities, generates significant tourism and economic benefits for rest of Alberta. However, the communities’ taxation revenue sources are inadequate to support the volumes of visitors they host. There is a need to carefully consider mechanisms that will enable the three Canadian Rockies communities to raise the revenue required to continue providing high-quality and high-capacity civic amenities, infrastructure and services. Ultimately this will enable the region to continue to compete successfully with prominent destination resorts in Canada and the U.S. for global tourism markets.

## Appendix 1: Consortium Members

Banff	Title	Organization
Robert Earl	Town Manager	Town of Banff
Kelly Gibson	Manager, Corporate Services	Town of Banff
Darren Reeder	Executive Director	Banff & Lake Louise Hospitality Association
Alison Gerrits	Manager, FCSS	Town of Banff

Jasper		
Mark Fercho	CAO	Municipality of Jasper

Canmore		
Lisa de Soto	CAO	Town of Canmore
Sally Caudill	Interim GM, Municipal Services	Town of Canmore
Andrew Nickerson	President & CEO	Canmore Business & Tourism
Sandra Lemon	EDO	Canmore Business & Tourism

## Appendix 2: Interviewees

<b>Banff</b>		
<b>Banff</b>	<b>Title</b>	<b>Organization</b>
Robert Earl	Town Manager	Town of Banff
Kelly Gibson	Manager, Corporate Services	Town of Banff
Alison Gerrits	Manager, FCSS	Town of Banff
Darren Reeder	Executive Director	Banff & Lake Louise Hospitality Association
Karen Sorensen	Mayor	Town of Banff
Andre Quenville	General Manager	Mount Norquay Ski
David Roberts	Regional Vice President & General Manager	Fairmont Banff Springs
Leslie Bruce	President & CEO	Banff & Lake Louise Tourism
<b>Jasper</b>		
Mark Fercho	CAO	Municipality of Jasper
Natasha Malenchak	Director of Finance & Admin	Municipality of Jasper
John Day	President and Chair	Mountain Park Lodges
Bernhard Schneider	General Manager	Mountain Park Lodges
Bryan Attree	Managing Director	Tourism Jasper
<b>Canmore</b>		
Lisa de Soto	CAO	Town of Canmore
John Borrowman	Mayor	Town of Canmore
Katherine Van Keimpema	Manager of Finance	Town of Canmore
Andrew Nickerson	President & CEO	Canmore Business & Tourism
Sally Caudill	Interim GM, Municipal Services	Town of Canmore
Sandra Lemon	EDO	Canmore Business and Tourism
Jim Reid	Director of Marketing	Alpine Helicopters
Ron Remple	Executive Director	Bow Valley Builders' & Developers' Association
Michael Roycroft	Area Manager	Nordic Centre Provincial Park



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