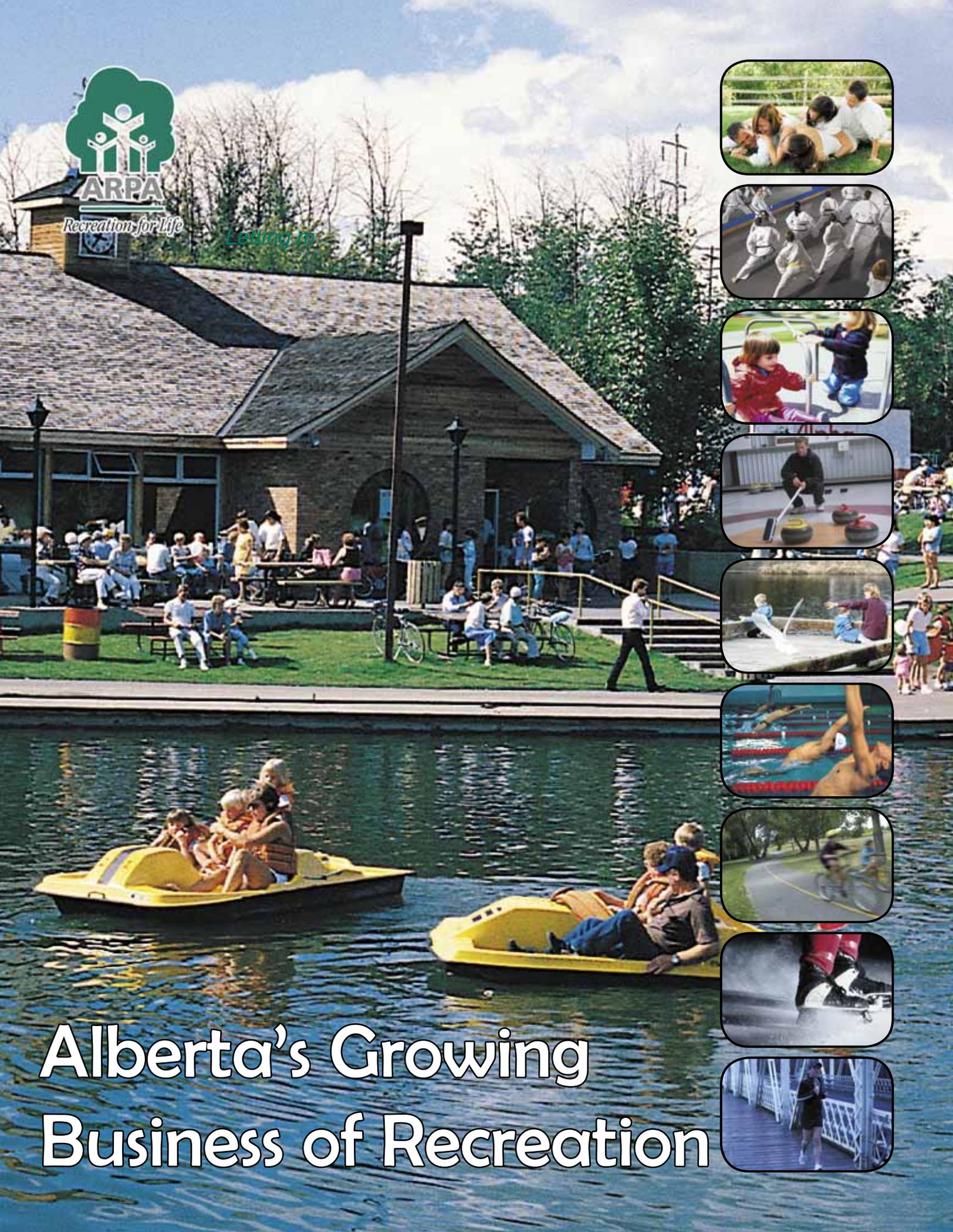




Recreation for Life

Letting in



Alberta's Growing Business of Recreation

ARPA is a provincial charitable not-for-profit organization with a voluntary board of directors dedicated to the promotion of recreation and parks and their benefits to the quality of life of all Albertans.

Our Vision...

"A province, and communities within, that embrace and proactively use recreation and parks as essential means for enhancing individual well-being and community vitality, economic sustainability and natural resource protection and conservation."

Our mission...

ARPA strives to build healthy citizens, their communities and their environments throughout Alberta.

For more information on ARPA, our programs or services, or the benefits of recreation and parks, please visit our website at <http://www.arpaonline.ca>.

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Like similar studies in other parts of the world, this estimate uses an expenditure approach that considers recreation's economic impact to be the sum of private household consumption, public expenditure (both capital and operating) and private investment.¹



The study uses a relatively restrictive definition of recreation, excluding activities that are professional rather than recreational (e.g., professional sport, professional art and culture) as well as alcohol consumption and passive in-home recreation (e.g., electronic gaming and TV).

Introduction

Increasingly, we are aware of recreation's significant personal and societal benefits, from enhanced health and wellbeing to reduced crime and increased community capacity. Yet the economic benefits of recreation remain undervalued. How much does the recreation industry contribute to Alberta's economic wellbeing and labour force?

ARPA commissioned Tim Berrett of Caminata Consulting to help answer that question. Using existing data, Berrett estimated² the direct, indirect and induced economic impacts of recreation on Alberta's economy for the four years spanning the turn of the century (1997-2001). Berrett's analysis provides a snapshot of a sector that is both significant and growing. Findings in brief:

- direct recreation sector spending across Alberta increased 30.2% in real terms, from \$2,165 million in 1997 to \$2,818 million in 2001.
- recreation contributed about 2.1% to provincial goods and services demand in 2001, slightly up from 2.0% in 1997.
- household recreation spending, which accounts for 70.6% of the total, increased 26.2% in real terms, from \$1,576 million in 1997 to \$1.989 million in 2001.
- total government recreation spending increased 33.7% in real terms, from \$560 million in 1997 to \$749 million in 2001.
- employment in primary recreation jobs (estimated at 16,558 in 1991, 18,823 in 1996 and 21,534 in 2001) rose 14.4% over five years and 30.1% in a decade.
- volunteers contributed an estimated 8,572 person-years of employment in 2001, adding \$287.1 million in sweat equity to Alberta's recreation sector.
- allowing for leakages, the overall impact of Alberta's recreation sector was \$2,239 million in 2001, about 1.5% of provincial Gross Domestic Product.

This study provides an important snapshot of recreation's importance to Alberta's economic health. The analysis deliberately uses a narrow definition of recreation encompassing fitness and active living, amateur sport, outdoor recreation/parks and community recreation. This definition excludes such activities as gambling, professional sport as well as professional and community art. It also excludes numerous harder-to-quantify paybacks that could be tied to a vibrant recreation sector:

- increased productivity from a healthier workforce;
- reduced health care costs;
- minimized social costs as individuals shift from socially undesirable activities to positive leisure pursuits;
- land stewardship and enviro-economics;
- vital, sustainable communities.

¹ Caminata Consulting chose an expenditure approach for two reasons: first, previous studies indicate that household consumption and government spending tend to be recreation's largest categories of contribution to the economy; second, Statistics Canada's *Household Expenditure Surveys* provide a comprehensive data source for household spending. Balance of trade typically used in expenditure analysis, but not available in secondary data sources and thus not used.

² The estimate is based on secondary data and thus relies on the accuracy of previous data collection and reporting.

Further, this study takes the conservative approach of basing Alberta's share of federal expenditures on our percentage of population (9.36%), even though our province contains 12.5% of Canada's national parks and received additional funding during the study period to host the 2001 World Championships in Athletics.

Given those narrow parameters, it's instructive to note that the recreation sector as quantified here plays a significant role in Alberta's economic health—and that it grew considerably in the four years studied.

Recreation Sector Patterns

Private household spending

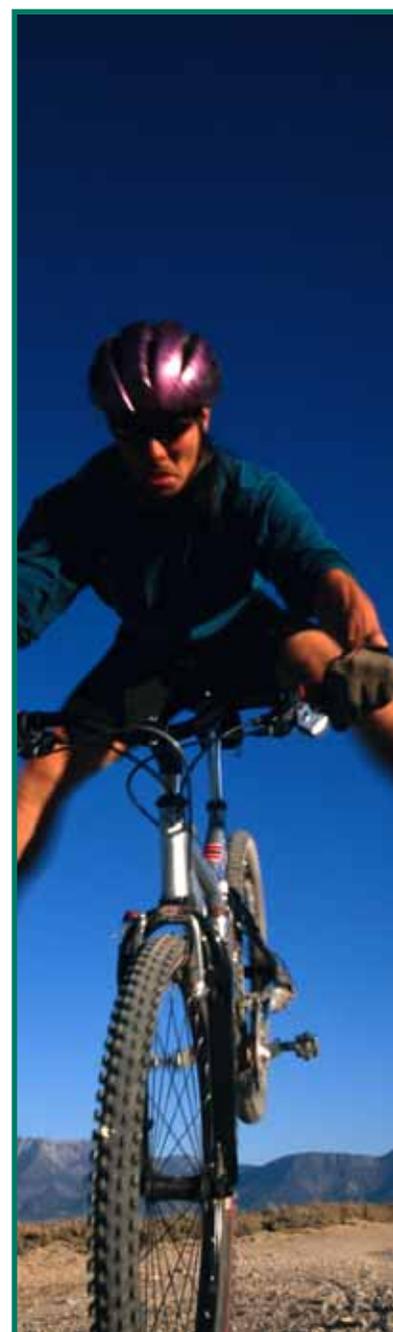
Household spending (see Table 1 below) accounts for a significant majority of recreation demand in Alberta. Those expenditures approached \$2 billion in 2001, up 26% from 1997 in inflation-adjusted dollars. Vehicles such as snowmobiles, campers, boats and bicycles accounted for nearly half of household recreational spending. Facilities and fees stood at a distant second, followed more closely by sport equipment and footwear. The largest spending increase was in recreational facility spending, which saw a dramatic 86% rise between 1997 and 2001. Large spending increases also appear in playground equipment and rent/maintenance, both up 73%.

Table 1: Alberta Household Recreation Expenditures, 1997-2001
(\$ Million – 2001 dollars)

Categories	1997	1998	1999	2000	2001
Recreational Vehicles	784.9	791.0	513.3	800.9	877.0
Recreational Facilities	277.3	310.9	322.1	308.2	516.0
Sport Equipment	206.2	214.7	218.0	227.1	237.4
Footwear	165.3	171.3	180.4	182.4	196.2
Camping & Picnic	50.2	47.6	49.4	51.2	52.0
Collectors' Items	25.1	30.7	39.7	52.3	24.9
Supplies/Parts	19.9	20.1	21.5	17.1	22.8
Playground Equipment	9.4	14.8	12.9	12.8	16.3
Maps & sheet music	11.5	12.7	12.9	9.6	11.9
Rent/Maintenance	6.3	10.6	8.6	9.6	10.8
Other Recreation Services	19.9	25.4	20.4	24.5	23.9
TOTAL	1,576.0	1,649.6	1,399.1	1,695.6	1,989.3

Sources: Statistics Canada; Caminata Consulting.

The study also excludes activities that cannot be separated out of existing data, such as recreation related health-care costs (e.g., physiotherapy), post-secondary education-related recreation costs (e.g., student activity fees) and recreation related clothing.





Public expenditures

Overall recreation expenditures in Alberta by the three levels of government and primary/secondary public education (Table 2) increased 34% in the four years studied and accounted for 26.6% of direct recreation expenditures. Provincial government expenditures increased the most (45%), followed by a municipal increase of 42%. Note: Provincial increases include \$40 million in special one-time project spending for the 2001 World Championships in Athletics. Municipal spending exceeded spending by all senior levels of government combined.

Table 2: Public Expenditures on Recreation in Alberta, 1997-2001
(\$Million – 2001 dollars)

Level of Government	1997	1998	1999	2000	2001
Federal	59.5	57.2	65.1	51.7	59.2
Provincial	108.9	119.7	153.3	161.0	158.0
Municipal	287.0	295.1	338.1	405.0	406.4
Educational (K-12)	104.7	109.9	115.7	116.8	125.4
TOTAL	560.1	581.9	672.2	734.6	749.1

Sources: Statistics Canada; Government of Alberta; Caminata Consulting.



Private investment

Private recreation investments (Table 3) from 1997 to 2001 are marked by wide variations. That is not surprising as estimates are based on an Alberta Economic Development inventory of projects costing \$2 million or more projects. With or without those smaller projects, a single major initiative can have significant impact on total private investment.

Table 3: Private Investment Expenditures on Recreation in Alberta, 1997-2001
(\$Million – 2001 dollars)

	1997	1998	1999	2000	2001
Private Investment	28.7	136.6	145.7	75.0	79.1

Sources: Alberta Economic Development; Caminata Consulting.



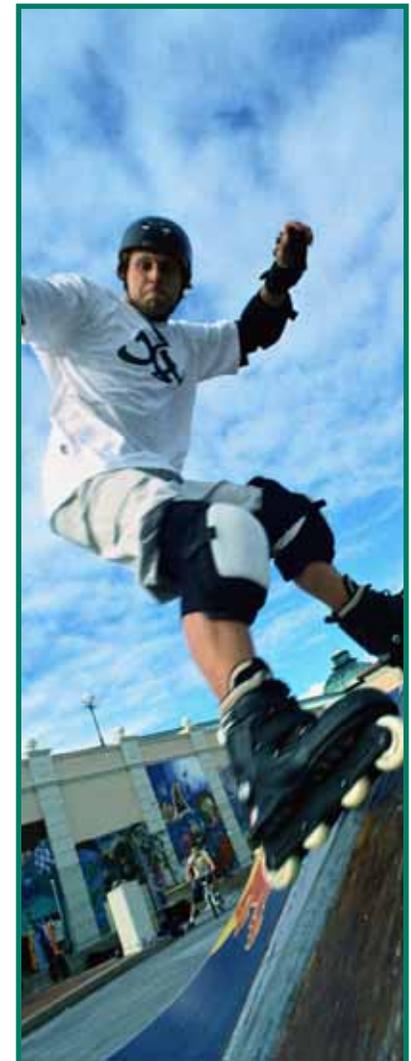
Employment

Census figures for 1991, 1996 and 2001 (Table 4) show Alberta's employment sector growing by 30% in a decade, to about 22,000 full-time equivalent jobs or 1.4% of the employed labour force. By far the largest job categories were retail sales (6,500 jobs in 2001), program leaders/instructors (5,220 jobs) and attendants (2,680 jobs). Categories seeing the most expansion included sports officials and referees, outdoor sport/recreation guides, coaches, program leaders/instructors and retail sales. Two categories—facility operation/maintenance managers and recreation/sport program/service directors—shrank in 1996 in response to deep provincial cuts, then expanded again.

Table 4: Recreation Employment in Alberta by Occupational Group, 1991, 1996 and 2001

Occupational Group	1991	1996	2001
Retail sales persons & sales clerks (est.)	4,800	5,300	6,500
Program leaders and instructors in recreation & sport	3,875	4,680	5,220
Attendants in amusement, recreation and sport	2,545	3,025	2,680
Recreation & sports program supervisors & consultants	1,245	1,305	1,380
Secondary & elementary school teachers & counselors*	1,075	1,103	1,208
Recreation and sport program and service directors	970	740	1,125
Coaches	555	695	935
Tour and travel guides	715	820	755
Facility operation and maintenance managers*	448	300	661
Sports officials and referees	150	485	555
Outdoor sport and recreational guides	180	370	515
TOTAL	16,558	18,823	21,534

*Notes: *Proportion of total estimated, #Estimate.
Sources: Statistics Canada; Caminata Consulting.*



Volunteer contributions

Without volunteers' considerable donation of time and effort, Alberta's recreation sector would have far less capacity. Volunteers (Table 5) donated an estimated 17.1 million hours in 2000, a slight drop from 17.2 million hours in 1997. This estimate uses data from the National Survey of Giving, Volunteering and Participating, assuming that recreation as narrowly defined benefited from 50% of the hours volunteered to arts, culture and recreation in Alberta. Multiplied by \$16.63 per hour (the average weekly earnings for community, business and personal services in Alberta in 2000 as reported by Statistics Canada), this donated time is valued at \$285.1 million. (For comparison with other figures in this report, the volunteer time can be translated to \$287.6 million in 2001 dollars.) Assuming an annual working year of 1,920 hours (20 hours x 48 weeks), the 17.1 million volunteer hours in 2000 equals 8,572 person years of employment. In keeping with traditional GDP calculations, this study does not include volunteer contributions in the overall assessment of economic impact, but their value is undeniably significant.

The value of volunteer contributions has been calculated and described in this report due to its significance to the delivery of recreation programming, but that value is not included in the gross provincial recreation product or GDP impacts of recreation.

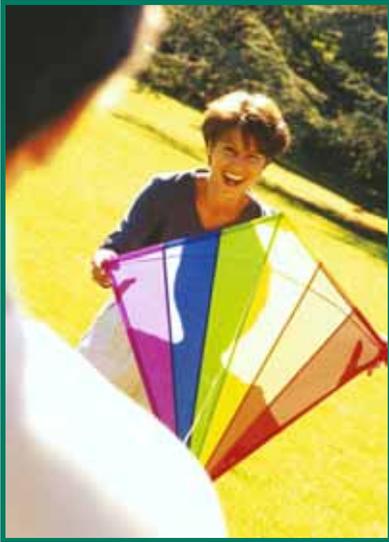


Table 5: Value of Volunteer Contributions to Alberta's Recreation Sector, 1997 and 2000

	1997	2000
Total Hours ('000)	128,000	127,000
Recreation Hours ('000)	17,280	17,145
Wage per Hour (\$)	15.51	16.63
Volunteer Value (\$ million current)	268.0	285.1
Volunteer Value (\$ million in 2001 dollars)	282.2	287.6

Sources: National Survey of Giving, Volunteering and Participating; Caminata Consulting.

As a macroeconomic analysis, this estimate includes not only direct impact/results but economic activity generated by the recreation sector. These impacts include indirect income from goods and services supplied to the recreation industry and induced income as recreation employees and businesses spend their gain in other sectors.



Economic Impact

Total direct expenditures

Direct expenditures on recreation in Alberta from all sources (Table 6) stood at \$2,817.5 million in 2001, up from \$2,164.7 up from \$2,164.7 million in 2001 dollars. That's a 30.2% growth in direct expenditures in four years. The largest share, more than 70%, is household spending, with government contributing about 26.6% and private investment responsible for about 3%.

Table 6: Direct Expenditures in Alberta's Recreation Economy, 1997-2001

(\$ Million – 2001 dollars)

Category	1997	1998	1999	2000	2001
Households	1,576.0	1,649.6	1,399.1	1,695.6	1,989.3
Government	560.1	581.9	672.2	734.6	749.1
Private Investment	28.7	136.6	145.7	75.0	79.1
TOTAL (Gross Provincial Recreation Product)	2,164.7	2,368.1	2,217.0	2,505.2	2,817.5

Source: Caminata Consulting.

Contribution to GDP

Direct recreation expenditures accounted for about 1.9% of Alberta's GDP and 2.1% of its Final Domestic Demand in 2001 (Table 7). Final Domestic Demand typically consists of GDP minus the sum of trade balance and inventories; this estimate uses a simplifying assumption that Alberta's recreation economy is closed or fully balanced. Recreation's relative contribution to both GDP and Final Domestic Demand remained fairly constant between 1997 and 2001, ranging from 1.7% to 2.1%.

Table 7: Relative Contribution of Direct Recreation Expenditures to Alberta's GDP and Final Domestic Demand, 1997-2001

(2001 dollars)

	1997	1998	1999	2000	2001
Recreation (\$ million)	2,165	2,368	2,217	2,505	2,818
Final Domestic Demand (\$ million)	103,694	110,032	112,704	122,945	131,248
Recreation as % of Final Domestic Demand	2.0	2.1	1.9	2.0	2.1
GDP (\$ million)	112,728	111,307	119,691	145,940	151,319
Recreation as % of GDP	1.8	2.1	1.8	1.7	1.9

Note: GDP proportion assumes that Alberta's recreation economy is 'closed'.

Sources: Statistics Canada; Caminata Consulting.

Total economic impact

The economic impact of recreation becomes all the more apparent when the formula is expanded to include indirect expenditures (goods and services supplied to the recreation industry) and induced expenditures (money spent by recreation employees and businesses in other sectors). These Total Economic Impact figures (Table 8) were generated by running direct expenditures for 2001 through a Government of Alberta input-output model. As you can see, recreation's total economic impact includes an estimated \$2,239 million in GDP (about 1.5% of Alberta's total GDP), \$1,015 million in labour income and 34,025 full-time equivalent (FTE) jobs (about 2.1% of the provincial total).

Table 8: Total Impact of Recreation on Alberta's Economy, 2001

Impact	Direct	Indirect	Induced	Total
GDP (\$ million)	831	709	699	2,239
Labour Income (\$ million)	594	347	74	1,015
Employment (FTE)	22,054	9,664	2,306	34,025

Source: Caminata Consulting.

Conclusion

This conservative snapshot of recreation expenditures depicts a sector that is significant and growing in both economic output and employment effects. Clearly, recreation is an economic driver with potential to further diversify the Alberta economy at a time of renewed concern about the need to do exactly that. A healthy recreation industry has a crucial role to play in Alberta's future, with potential to deliver even greater economic gains as well as personal, community development and societal benefits.

