

SURVEY REPORT

Prepared for:

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Table of Contents

Provincial Overview	1
Independent Travellers	
Banff National Park.....	4
Jasper National Park.....	5
Banff Park Corridor – Canmore and Kananaskis.....	6
Jasper Park Corridor – Edson and Hinton.....	7
Calgary.....	8
Edmonton.....	9
Northern Alberta.....	10
Southern and Central Alberta.....	11
Campgrounds and RV Parks.....	12
GroupTours.....	13
Attractions and Events.....	13
Adventure Vacations.....	15
Appendix A – Interview Questions	

Provincial Overview

The 2007 Pre-Summer Alberta Operator Survey report is a summary of responses from 92 tourism industry operators located in 37 Alberta communities, eastern Canada and the United States.

After a busy winter season of high occupancy and accompanying higher average rates, Alberta operators are enthusiastically entering the 2007 summer season. **The 2006 winter and 2007 spring seasons saw the following travel patterns and projections for the upcoming summer.**

- Winter and early spring highlights robust energy sector demand and excellent winter skiing in the National Parks.
- Banff National Park hotels saw a three to five percent occupancy increase over 2006 resulting from a good ski season and conference trade growth. A busy summer is expected. Hotels expect increased regional traffic and an active European market for summer 2007. A growing number of South American and Mexican visitors are also expected to visit Banff this year. The gains in these markets should more than offset a potential decline in Japanese traveller numbers. American demand should be similar to last year.
- Jasper National Park had a great ski season to start the year, translating into occupancy levels and average room rates exceeding 2006. With solid early bookings, many hotels expect to operate at or near capacity. Led by a strong regional market, U.K. visitors are expected in greater numbers as are Japanese, Australian and New Zealand tourists. American visitor demand remains a question mark in 2007.
- Banff corridor hotels enjoyed both occupancy and revenue increases during the first part of the year. A summer stronger than 2006 is anticipated.
- Jasper corridor properties operated with near full capacity and increased rates, even with a number of new rooms coming on stream. After spring break up, this trend will continue over the summer.
- Led by corporate demand, Calgary hotel sales were up an average of fifteen percent over the corresponding period last year. Strong corporate and convention bookings are expected to continue throughout the summer.
- In Edmonton, after a slow January, strong corporate and government demand fueled a busy spring. That trend is expected to continue over the summer. Edmonton's summer festival season and special events should encourage strong regional visitor traffic. Average room rates have increased ten to twenty five percent in 2007.

- Winter vacancies were few and room rates climbed steadily in northern Alberta. Brisk summer energy sector, corporate and construction demand is forecast, with strong, but flexible rates to meet competition.
- Southern and central Alberta occupancy met or exceeded 2006, with a corresponding increase in average room rate during the first four months of 2007. Expectations for a good summer season prevail.
- Campground and RV park bookings are ahead of 2006, which is an early sign for a good summer. Seasonal and long-term sites are already full or near capacity at most parks, as are weekend bookings.
- Current group tour bookings to Alberta are ahead of comparatives for 2006. American long-haul tour numbers are up and Alberta should see more European visitors, especially from the U.K. In addition, more Chinese, South Americans and Mexicans are expected to visit Alberta in 2007.
- Attraction and event operators had a good early season and expect a busy summer.
- Adventure vacation operators expect a busy summer led by strong regional demand.

Survey respondents provided the following observations:

- Staffing issues are critical, although improved over 2006. There has been more success in retaining core employees, although at a higher wage and benefits cost. The Employment Immigration Program is receiving positive reviews from participants and filling positions with well trained, enthusiastic employees. Difficulty continues in some areas to attract and retain housekeeping and kitchen staff. Employee accommodation is an ongoing problem.
- Higher gasoline prices are not an identified concern. In fact, many attraction, event, and adventure vacation operators believe high prices encourage Albertans to vacation closer to home, as evidenced by heavy preseason campground and RV park demand.
- Regional traffic will again be the backbone of the summer tourist market as Albertans vacation in Alberta. Our robust economy has attracted many new people to the province and they and their families are taking the opportunity to explore close to home.
- Elimination of the GST Visitor Rebate Program is an identified concern to tour operators servicing international visitors and to tourism operators servicing tour

groups. For 2007, the timing was such that brochures were already printed, price commitments made and bookings in place, so suppliers will absorb the cost to ensure that the tours are not cancelled. As Alberta is already a higher priced destination internationally, it could have a negative impact in years to come.

- United States and Canadian border issues are worrisome and this, coupled with a weakened U.S. dollar, makes operator assessment of the summer American visitor market difficult. With the exception of travel to the Calgary Stampede, the consensus is that fewer Americans will visit Alberta in 2007.
- The strong euro and pound will encourage increases in European and U.K. travel in 2007. Stronger demand from South American and Mexican visitors is also noted.

Independent Travellers

Banff National Park

Banff is a world renowned tourist destination. As such, it is highly reflective of the state of the tourist industry in the province of Alberta. Less reliant on the influence of the corporate market, it is more attuned to those factors influencing the regional, national and international tourist. The European and American economies are almost equally as important to the Banff tourist operator as is the Alberta economy. The winter months, with the exception of the skiing market, are less reliant on the international tourist. The 2007 winter, January through March, proved to be an improvement over 2006 due to excellent snow and ski conditions and increased conference trade. Spring skiing will continue until May 24th at one major hill. The vibrant regional economy saw greater numbers taking advantage of the excellent conditions. As a result, most operators enjoyed increases in the three to five percent range.

As operators forecast business for the coming months, the majority believe the months of May and June will produce similar results as last year. July and August are expected to be typically busy and largely weather dependant for the regional tourist. In 2006 respondents reported a trend to less lead-time for bookings. This trend has continued into 2007. The shorter lead-time stresses the importance of the weather as tourists have more latitude to change their minds regarding points of destination based on weather patterns. In 2006 the area enjoyed extremely favourable weather and it is hoped similar good weather will result in increased domestic clients.

The Town of Banff is completing upgrades in the downtown area on Banff Avenue, which is expected to have a positive long-term impact on business. However, some respondents are concerned about changes in traffic flow during the construction period and the impact it may have on their businesses.

In analyzing point of origin for various tourist markets, it is generally believed that the strength of European economies and of the euro will result in an increase in European tourists. These increases however, will be offset by anticipated losses in the Asian market. American visits look similar to last year. Early bookings indicate an increase in travellers from Mexico and South America and this is a market targeted for development.

No one thinks the rising price of gasoline will adversely affect business. Some believe regional traffic may increase, as vacationers pick destinations closer to home. The greatest impact will possibly be felt in the American tourist market. The price of fuel, coupled with the strengthening of the Canadian dollar, may influence more Americans to stay home.

As in other areas of the province, obtaining satisfactory labour is a concern. From front desk to housekeeping, qualified help is difficult to obtain. Food services are particularly

hard hit for some operators because of staff shortages. The seasonality of much of the employment and the difficulty in obtaining adequate housing at affordable cost, compound the difficulties operators face. Foreign workers have been a solution to part of the problem, especially in the housekeeping areas. Respondents state the process takes a considerable amount of advance planning to be successful. The labour situation has resulted in significant cost increases as labour rates for all positions have risen. Increased labour costs translated into increased room rates.

A number of respondents are concerned with changes to the system of GST collections and rebates. Timing of implementation of the new system and the information provided to operators were the major concern. The fear is that the new system will adversely affect tour operators, especially those who pre-published their rates, and that those operators will cancel their Canadian tours, rather than accept the additional GST costs.

Jasper National Park

The snow came to Jasper, followed by the skiers, making for a good winter ski season. This, coupled with poor snow conditions in Europe and eastern Canada, made the mountain parks a skier destination and resulted in an excellent start to the 2007 tourist season. Hotels report occupancy increases over 2006, one by as high as thirty percent. A corresponding boost in average room rate contributed to a successful first part of the year. The U.K. ski market remained strong and the prosperous Alberta economy encouraged a strong regional market.

Jasper operators are entering the summer season with a high degree of confidence. Although May is looking soft by some hotels, solid early bookings translate into an expectation of full or near full capacity for the summer months extending into September. Average room rates will be higher than 2006.

Encouraged by the provincial prosperity and high disposable income, Jasper operators expect increased regional visitor travel to the National Park. Uncertainty prevails regarding the number of American travellers who will visit this summer. Some operators expect fewer and others more U.S. visits than in 2006. One hotel mentioned a notable increase in bookings, especially from the northwestern United States. Britain remains a potentially strong market and Japanese, Australian and New Zealander visitors should appear in similar or slightly greater numbers to last year. Of note, the South American visitor market, although small, is showing growth. A slight increase in group tours is forecasted based upon earlier bookings and fewer cancellations than in 2006. All in all, a promising start to the 2007 summer season.

Border issues and a stronger Canadian dollar are seen as inhibiting factors to assessing the strength of the American visitor market. The euro and pound remain strong, a benefit in attracting our international visitors. Higher gasoline price is not anticipated to keep longer-haul visitors away, but is seen as encouraging Albertans to vacation closer to

home. The GST rebate issue is identified by several respondents as a concern, especially with the German tour market.

Staffing remains a challenge, although improved over 2006. Operators are fortunate to maintain good core staff, but front desk, cleaning, and kitchen employees continue in short supply. Higher wages and ongoing training are the reality of the new economy. Hotels accessing the foreign worker program are enthusiastic and report excellent success in hiring good and well motivated employees. As is common in Jasper, finding suitable employee accommodation remains a significant problem.

A disappointment expressed by several operators was failure of the proposed Jasper Tourism Marketing Authority to come into fruition.

Banff Park Corridor – Canmore and Kananaskis

Tourist operators enjoyed improved occupancy and revenue for the period January through April compared to the same period in 2006. Increases in all market segments were noted and are a reflection of Alberta's continuing strong economic performance. Survey respondents indicate increases ranged from ten to fifteen percent. Construction, oil patch related activity, corporate conferences and seminars, and tourism all contributed to higher occupancy for most operators during the period and is expected to extend into July and August. Some seasonal softening occurred during the month of April due to reduced oil patch activity during break-up. Prospects for May and June are positive and expectations are that demand will surpass 2006 results.

Consistent with operators in other areas of the province, some respondents note a marked increase in corporate retreats and conferences. In many instances, companies enjoying strong returns are re-investing in their personnel by providing training and team building opportunities. This activity will lessen through the summer months and be replaced by tourist traffic.

There is mixed response as to which markets will strengthen and which will weaken. All believe the strength of the euro should encourage increased European visitor traffic as they take advantage of the good value of an Alberta vacation. To the fly-in European tourists who rent motor homes, the high cost of fuel is expected and acceptable and will not be a deterrent. A possible negative factor is the change in GST rebates and its potential impact on tour operators, which may result in less tour business. The reaction is mixed and will adversely affect some operators more than others. The strong euro and weakened American dollar may result in fewer Americans travelling abroad and choosing to travel in Canada, where they still have a slight monetary advantage. The ultimate impact of the passport requirement for American tourists is still unknown, but operators will factor it in when determining disposition of their marketing budgets.

The supply of adequate help continues to be a concern and a problem. To maintain staff and to have any opportunity to attract new staff, operators have reviewed their

compensation packages. In addition to straight monetary increases, it has been necessary to improve benefit packages. In some instances, wages have risen twenty to thirty percent. Increased wage and supplier costs have translated into room rate increases throughout the area. To date, an informed clientele that understands the impact of rising costs has accepted the increases.

Jasper Park Corridor – Edson and Hinton

Accommodation demand in the Jasper Park Corridor areas continued exceptionally strong throughout the first quarter of 2007. Despite a substantial increase in the number of rooms brought on stream in 2006, operators report full occupancy, which is a good indicator that the market was previously under serviced. One respondent stated, “There are fewer workers having to sleep in their trucks” when queried about the additional room supply. Area operators depend upon energy and construction demand and the present activity level is expected to continue well into the next decade.

As usual, business will slow during the break-up period, which is expected to be shorter than normal because of the heavy early snow pack. It is anticipated that as oil patch activity resumes to its normal level, full occupancy will again be achieved. Some operators note an increase in traveller numbers early in the season.

The Edson tourist trade is transient and in most instances relies on overnitters who have left either Edmonton or Jasper late in the day. The one exception producing 100% occupancy levels is the “World’s Largest Slow Pitch Tournament” held in early July. The summer months are expected to bring high levels of business activity.

Hinton, still largely dependent upon construction and oil patch activity, does enjoy a larger tourist component to their summer business. Proximity to the mountains, Jasper National Park and an alternate route to Alaska increases the number of tourists in the area.

The price of gasoline, the strength of the Canadian dollar and the price of airfares are expected to have little or no impact on business.

Labour continues to be a major problem in a strong economy with extremely low unemployment levels. Operators must continually advertise for help and have substantially increased wage rates. Wage rates for housekeeping staff typically in the \$7.00 per hour range, now exceed \$11.00 per hour. Wage and benefit packages for more qualified staff positions have also risen. Some operators, while looking farther a field to solve their problems, are concerned with the cost of importing staff and finding suitable accommodation for them.

Rising costs have necessitated room rate increases at a number of locations. Most of those increases occur in the fall.

Calgary

The winter period, January through March, is marked by continued strong sales performance in the Calgary hotel industry. A number of operators indicate their performance was excellent and exceeded expectations. Industry sales are up on average fifteen percent with some operators indicating increases in the twenty percent range. The increases result from a combination of increased occupancy coupled with rate structure growth. The same period in 2006 produced positive results because of the buoyant Alberta economy. This trend continues as the economy remains strong. Fears by some operators of not being able to sustain the strong results have not materialized. In 2006, many operators enjoyed an infusion of business from the World Figure Skating Championships. The lack of a major event in 2007 did not detract from overall sales performance.

Prospects for the period May through the end of August continue positive. Some operators anticipate a slight softening of the market in the month of May prior to the convention and summer season. Those hotels primarily serving the corporate market will continue to enjoy high occupancy through the business week. Weekends will be noted by lower occupancy levels. Business will pick up as we move through the period and enter into the convention and summer seasons. One operator remarked that the convention business is cyclical and he believed Calgary was entering into the low end of the cycle.

The market for the major downtown Calgary operators is largely corporate and this segment of the market continues to be strong. While some operators enjoy tour business, the tourism component of their business is a small percentage of overall sales. The strong corporate demand and accompanying high room rates are making it difficult for at least one large tour operator to find reasonably priced rooms in Calgary. The exception to the market mix is, of course, the period of the Calgary Stampede when the tourist component is at its highest.

As long as the price of gasoline remains comparatively similar to the prices experienced in 2006, few operators believe business will be adversely affected. They do believe there may be some level of pricing that will impact business, especially if the increase is large and dramatic. Corporate travel will continue as long as the economy remains strong and corporations are enjoying strong performance. Factors such as the cost of Canadian airfares and the strength of the Canadian dollar will have little impact on their expectations for the coming period. At this point, few of the respondents can anticipate what affect the passport requirement may have on travel from the United States. Several respondents did indicate they were in the process of collecting necessary data to try to understand the impact of such factors. The data are being gathered from hits on web sites, information gathered from the toll free numbers and information derived from their loyalty programs.

Labour continues to be a problem for most operators. In 2007 most respondents are better prepared to mitigate the problem. There is greater use of job fairs, recruitment programs and head hunting services. Those venues successful last year in acquiring

workers from abroad, particularly the Philippines, continue to make use of the program. All respondents indicated they were able to service their supply of rooms. Finding affordable housing continues to be a problem for the out-of-province worker and tends to compound the labour issue.

Edmonton

January 2007 started slower than anticipated for many respondents surveyed. A number believe the combination of a strong economy coupled with a colder, snowier winter resulted in more people taking sun and/or ski vacations, resulting in more outbound traffic. After the slow start, business did pick up as the year progressed. Easter produced excellent results for the majority of operators. The timing of Easter has a great impact on the business cycle and the flow of traffic. Hotels report excellent prospects for May and June and anticipate that will continue through the summer months. The trend to shorter booking periods that started in 2006 continues into 2007.

City centre locations depend on the corporate and government sectors for the majority of their market and this market continues to be strong. The overall business growth within the Greater Edmonton area with the influx of workers and housing shortages, has resulted in more long-term guests. Rooms at various locations are now booked on a yearly basis and this long-term demand is expected to increase in the future. Special events, including the Men's World Curling Championship, had a positive impact on the host hotels. Hotels benefiting from teams and fans during the 2006 Edmonton Oiler Stanley Cup run are filling in with corporate clients.

Outlying locations, particularly those near West Edmonton Mall, depend on the regional tourist market. The majority of visitors come from Alberta, British Columbia, Saskatchewan and Manitoba. Some respondents note less Asian and American traffic and a slight increase in Mexican traffic. An expressed belief was that more tourists are looking for the "urban" experience as opposed to the "outdoor" experience, and this bodes well for metropolitan hotels and attractions.

Special events including the motion picture filming at West Edmonton Mall, the Grand Prix of Edmonton and the Edmonton festival season are all expected to contribute to a busy tourist season.

The overall increase in costs for hotels and motels has resulted in higher room rates. Average room rate increases in the city vary from ten to twenty-five percent. These properties are taking greater care in managing their rate structures to maximize return. Some locations are upgrading so they have more high-end rooms and increased average room revenue. Those planning renovations and upgrades are having trouble obtaining contractors and are faced with high construction costs.

The cost of Canadian airfares compared to fares in the United States is having some affect on travel to Alberta. The \$99.00 fares offered in the United States are thought to

be encouraging more Americans to stay home. The weakening U.S. dollar and a generally weaker American economy are also contributing to Americans travelling within the United States. A positive note regarding air travel is the increase in the number of flights into Edmonton International Airport from Great Britain and Korea.

Labour continues to be a concern for all operators. Direct wage costs have risen considerably, as has indirect labour costs. Those operators outsourcing such services as security and laundry are experiencing substantial increases in the cost of those services. Food costs and the cost of kitchen and serving help have resulted in increased catering and menu prices.

Northern Alberta

As reported in the Post-Summer 2006 Alberta Tourism Operator survey, vacancies were few and average room rates climbed ever higher over the winter. Energy sector crew and corporate demand again led the way. Hotels operated at near capacity in many communities and in others a small drop in occupancy occurred. In the smaller communities, occupancy was high and average room rates exceeded 2006.

Following a strong first quarter, Grande Prairie market operators experienced spring breakup for the first time in several years and April occupancy suffered. Average room rates did exceed those of 2006, however. Fort McMurray hotels had an excellent winter showing strong demand and higher rates. Room demand in Peace River was slightly below 2006, but average room revenue increased due to higher rates. In Whitecourt, occupancy was high accompanied by higher across-the-board room rates. On average, other northern Alberta hotels report higher occupancy and a stronger rate structure for 2007.

The forecast for summer 2007 is another strong year throughout the north, with occupancy in the seventy to ninety percent range. Energy, construction and corporate sector demand continues to be the focus. Rates will be strong, but flexible, to meet competitive conditions.

Grande Prairie remains as a commercial hub and is expecting to fill available rooms with regional transient traffic. There is concern the social/sports team market is abandoning Grande Prairie due to the dominance of energy sector room demand. There are fears that the displacement of this market may come back to haunt the industry. In addition, there are noticeably fewer Americans travelling to Alaska this year. In Fort McMurray the popular oil sands tours fill the quiet occupancy periods. Peace River expects there may be slower energy sector demand this summer, but several construction projects should maintain occupancy levels. Energy and construction trades will ensure few vacancies in the smaller centres.

Human resource issues are still a concern, but show improvement over 2006. Most hotels have been successful in retaining core staff, but housekeeping and kitchen staff are the

difficult positions to fill. Wages remain high, but service industry jobs continue to lose staff to the more lucrative energy sector jobs. Many service industry employers are hiring through the employee immigration program and give that program rave reviews. The employees hired are dedicated, enthusiastic and well trained in the service industry. Employee accommodation continues to be a problem in the high priced markets.

More properties continue to come on stream and properties have changed ownership over the winter. Several respondents mentioned some slow down in energy related activity and are uncertain where that will lead. This is cause for some concern.

Southern and Central Alberta

A good winter and spring kicked off the year in southern and central Alberta. Occupancy levels met or exceeded a strong 2006. As usual, April is a “hit and miss month” for hotels serving energy crews waiting for spring breakup.

Energy, corporate and construction demand was the principal source of room demand during the week, but hotels were pleased as family and sport group events nicely filled in the weekends. A noticeable increase of convention and meeting business in several markets was also a nice surprise. An across-the-board increase in average room rates was reported by most hotels in order to preserve operating margins in a cost escalating market.

Expectations for a good summer season prevail. Southern Alberta hotels are forecasting occupancy in the seventy to eighty percent range, which is an increase over 2006. Rates are expected to be similar or slightly above last year. Major events in several areas should enhance an already strong regional market. Strength in convention and corporate demand is a positive factor this summer and the wedding/family group business remains strong. An increase in military exercises at the Suffield military base is a boon to Medicine Hat hotels. There is an increased awareness in 2007 of border concerns including longer wait times, passport issues, higher gasoline prices and a weakened U.S. currency. Hotels expect fewer American visitor bookings to southern Alberta as a result. A stronger regional market should prevail and group tours should be in similar numbers to 2006. In central Alberta, hotel occupancy is expected to be at or below last year when they hosted the Alberta Summer Games. Since Red Deer is becoming well known as a meeting and convention centre, that city should remain busy over the summer. As a way of attracting summer visitors, many hotels throughout southern and central Alberta are establishing cross promotions with area attractions and events to the benefit of all.

Although still difficult and challenging, human resource issues have improved over 2006. Hotels have been more successful in retaining core employees with one hotel reporting they have held on to 75 long-term employees. Many are successfully hiring internationally, primarily from the Philippines, and as reported elsewhere, with excellent results. Smaller venues find staffing more difficult, especially fill-ins for busy periods.

Campground and RV Parks

Campground and RV Park operators look toward a busy and successful year in 2007. Operators with winter sites report a good start to the season with those winter sites being fully booked. One southern Alberta operator experienced April transient traffic double that of 2006, comprised in part with Americans travelling to Alaska for vacation and American workers returning home from winter employment. As accommodation in many areas becomes increasingly scarce, more people, especially energy and construction sector workers, live in their RV year round and operators are accommodating this trend.

One operator stated, “Albertans are exploring Alberta more, rather than holidaying further away” and that is reflected in the high demand for camping sites. Advance bookings are ahead of 2006, which was considered a strong year. High demand coupled with rate hikes by all surveyed venues, translates into lofty expectations for the 2007 summer season. Albertans are staying closer and staying longer and as a result, most operators report seasonal sites at near or full capacity. Shorter stay sites are also at a premium and are heavily booked for the summer weekends. In areas where crew business represents strong demand, some operators endeavour to hold open spots for tourists, but that is often difficult.

Alberta and regional demand is the bread and butter of campground and RV Park operators. The majority of business is close to home and is repeat business as sites become scarcer. Some venues report bookings for B.C. and Saskatchewan visitors. U.S. demand, although not large, is expected to be stronger this year, especially for the Calgary Stampede and for travel to Alaska.

Border related issues, including longer border wait times and uncertainty, are the principal concerns for operators serving U.S. visitors. On the flip side, as one operator mentioned, those same issues encourage Canadians to vacation in Canada. The stronger Canadian dollar is not identified as a limiting factor to American travel to Alberta. Higher gasoline prices, in fact, may be a bonus by encouraging Albertans to vacation closer to home. It is reported that leisure vehicle sales are strong, unaffected by the high cost of gasoline.

The staffing issue, although a concern, is not the major concern it was in 2006. Most operators report a good core staff and an ability to meet staffing needs with local people. One has taken the initiative to engage host/work couples, providing an RV site in exchange for work.

Group Tours

Alberta proved to be a favoured destination in the winter of 2007. With less than ideal snow conditions in Europe, more Europeans travelled to the Rockies to take advantage of the skiing. Winter escorted group tours exceeded 2006 levels.

Heading into the summer season, tour operators optimistically look to a good year. Long-haul bookings from the United States show good early growth and significant gains over 2006. The same holds true for European tour travel to Alberta. Alberta remains a favoured destination for the British and, with the exception of French and possibly German visitors, the European market should be steady. Albertans should see more Chinese and fewer Japanese in 2007. One tour operator commented about requests for Spanish speaking services, as more South American and Mexican visitors will travel to the province this year. Another operator identified a significant increase in bookings from Australia and New Zealand. Escorted group tours in decline over the past several years are expected to show recovery this summer. The traditional coach bus tour packages are losing popularity and are being replaced by small group tour programs.

The strong euro and pound are encouraging European travel and the weakened U.S. dollar has not appeared to be a hindrance to American tour travel. Border issues are expected to have little impact on group tour vacations this year. Higher input costs causing increased tour costs are also not considered an impediment to travel to Alberta. A concern that was raised is the GST rebate issue, considered a major concern by operators serving the European visitor market. Unless clarified, it is believed negative long-term consequences for the tourism industry could be the result.

Alberta is considered a high priced destination in the world market, but remains a favoured destination as the travel value more than makes up for the price point difference. Security issues also play a part in American vacation destination choices and Canada is considered a safe alternative to travel within their own country.

Attractions and Events

The period January through April can be characterized as a relatively slow period for attractions and events throughout the province. With the odd exception of major events such as the World Curling Championships in Edmonton in April, few attract a large out-of-province contingent of tourists. The attractions that remain open throughout the winter months depend largely upon local and regional traffic. Their success often depends upon the strength of their attractions and their program offering. Weather, while a critical factor in the summer months, is less influencing during this period. Many attractions take the opportunity throughout the slower months to complete renovations and upgrades to their facilities. On a comparative basis with 2006, most attractions have registered increases during the period. Overall, Edmonton and area attractions seemed to enjoy a better winter than those in the Calgary area. Increases varied from modest to record

breaking. One major attraction located in the Greater Edmonton area reported substantial increases in both attendance and revenue. For the most part, increases are attributed both to the strength of the economy, making more disposable income available for entertainment purposes, and the quality of the attraction.

The outlook for the spring and summer months is very positive with early indications that business for many attractions and events will surpass 2006. Contributing factors to this air of optimism are diverse in nature. Strong programming, new attractions and rides, increased prize money and improved facilities are expected to attract larger numbers of regional and foreign tourists. The Calgary Zoo is expecting a number of births that will attract attention and should increase zoo traffic. The Calgary Stampede, coming off a record year, expects to match or surpass 2006. Increased prize money and well known headliners will provide the necessary inputs. Spruce Meadows has a strong programme for the season. Increased prize money and less big event competition will attract more horses that should translate into increased revenue. West Edmonton Mall is currently filming a movie they hope will substantially increase awareness of the mall and the City of Edmonton.

For many attractions and events, the market is largely regional in nature. Local Albertans, B.C. and Saskatchewan travellers make up the majority of visitors. Some attractions estimate seventy to eighty percent of their clientele is local in nature. Others, such as Fort Edmonton Park and the Calgary Zoo, believe the split between local and out of town guests is closer to fifty-fifty. Migration into Alberta and the growth of the metropolitan areas has impacted local attendance as new citizens learn about their "new" cities. Those events attracting a larger regional and foreign contingent believe that improved air service from Britain into Calgary and Korea into Edmonton should improve the Fully Independent Traveller (FIT) market. The countries of origin for the majority of foreign travellers include Britain, Germany, the Netherlands and Australia. A small increase in traffic from Mexico and South America has also been noted.

The rising cost of gasoline has impacted attractions catering to local traffic, as operators believe people will stay closer to home and attend local sites.

Staffing remains a problem for most operators. The difficulties include finding staff and then being able to keep them for the season. Large short-term events such as the Calgary Stampede and Edmonton's Capital EX hire in excess of 3,000 people for a ten-day period, which proves a substantial challenge. Operators are coping with the ongoing labour problem with new hiring practices, increased wages and changed operational procedures.

Adventure Vacations

Optimism is the key word with Alberta adventure vacation operators looking forward to a busy summer season. Early season activity has not been as strong as in past years, but with few exceptions, summer bookings are stronger than in 2006. Several venues expect visitor numbers to rise eight to ten percent over last year. Increased visitor numbers and an increase in rates bode well for a profitable 2007 summer season. Operators are promoting the spring and fall shoulder seasons for corporate client team building business, with some success.

The adventure vacation market is focused on the Alberta visitor. Alberta's strong economy provides a ready and willing market looking for vacation opportunities close to home. Most operators serve the growing regional market generally within four to five hours from their venue, so the international market holds less importance to them. One operator reported recovery in the Canadian group tour market, which is a positive note. Repeat business remains the strength of successful ventures.

Operators serving international visitors report that out-of-country enquiries are below previous year numbers. The United States market remains a question mark with booking enquiries ranging from similar to fewer than in 2006. The Calgary Stampede contributes to a stronger U.S. presence in early July for southern Alberta venues. Operators believe the European market, especially from Germany, will be down, although demand is still solid from the U.K. Forecasts for visitors from eastern Canadian have remained stable.

Border and passport issues remain the primary concern of operators as they try to attract American visitors. The major issue in attracting the European tour visitor is the GST rebate rulings. On the regional side of things, higher priced gasoline is considered a positive by encouraging Albertans to take advantage of an at-home adventure vacation.

Staffing remains challenging, but appears for the most part not quite as difficult as in 2006. Many operators are directing their efforts to local hiring which results in paying higher wages, but foregoing the problem of having to find accommodation for their employees. Ranch vacation operators continue to have trouble locating experienced wranglers and one operator will again hire from a previously untapped market of female guides.

Pre-Summer 2007
Alberta Tourism Operator Survey

Appendix A
Interview Questions

**PRE-SUMMER 2007 ALBERTA TOURISM OPERATOR SURVEY
INTERVIEW QUESTIONS**

Name of Property/Attraction/Business/Region _____

Name of Contact: _____ Phone Number: () _____

Business Address: _____

Email Address: _____

Copy of Final Report: Yes: No: By Email or Canada Post? _____

1. How has your business fared for the period January through April this year compared to the same period last year? What events in particular have contributed to any change from last year?

2. Based on what you presently know, how does it look like business is shaping up for May and June? ... For July and August? How does it compare to the same period last year? Do you expect it to be better, worse or about the same as last summer? (Try to quantify with a percentage change for May and June and then the summer months July and August).

3. Do any markets look more promising (or worse) than usual? If there are any major changes compared to last year, what would you attribute this to? Specifically, do you predict an increase in demand from any visitor origin during the next four months? What are the prospects for the number of American visitors you expect this summer?

4. Have any events , such as the rising cost of gasoline, the relative strength of the Canadian dollar, or the rising cost of airfares had any impact on your outlook for the next four months? If yes, please elaborate on how your business prospects have been impacted.

5. Do you expect that labour supply issues will have an impact on your business prospects during the next four months? Why or why not?

6. Any additional comments?