

Economic Impact of Tourism in Ottawa

Prepared for *Ottawa Tourism*



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Executive Summary

Tourism is a major economic generator for the city of Ottawa and the surrounding region. Tourism contributes directly to local Ottawa employment and the economy in the region through the ongoing operations and activities of different businesses that sell products and services to non-local visitors. Ottawa is the nation's capital and is home to a high quality accommodations industry, and a diverse offering of family attractions, experiences and festivals. The city's tourism industry makes significant economic contributions to the local economy, the Province of Ontario and beyond.



What is Economic Impact?

Economic impact is a measure of the spending and employment associated with a sector of the economy (e.g., tourism), a specific project, or a change in government policy or regulation. In this case, economic impact refers to the economic contribution associated with the ongoing activities of Ottawa's tourism sector, which include accommodations, food/beverage and retail, local attractions, and transportation providers.



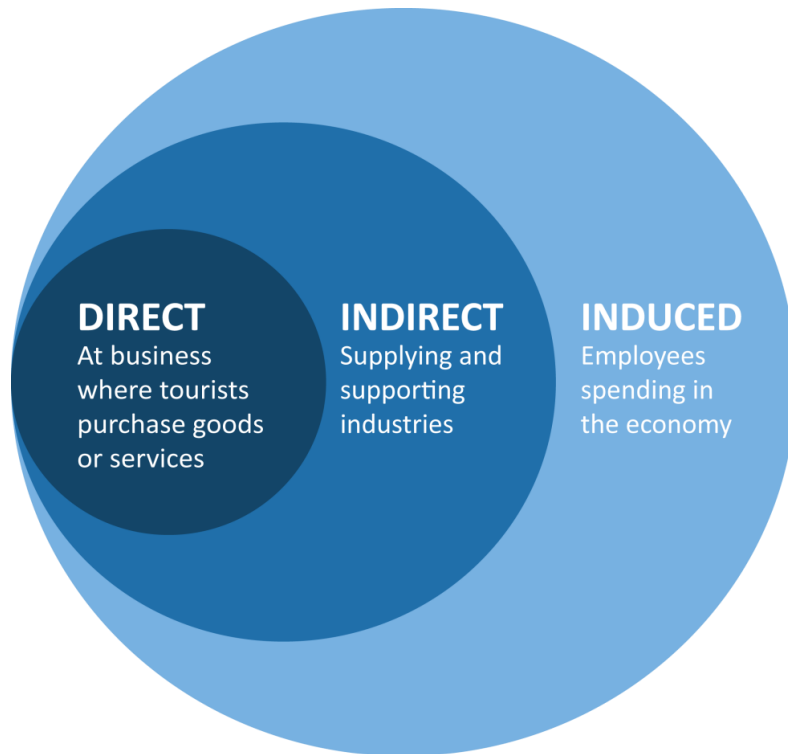
Economic impact can be measured in a number of ways:

- Employment (Jobs);
- Wages;
- Gross Domestic Product (GDP); and
- Economic output.

The three major components of economic impact are classified as *direct*, *indirect* and *induced impacts* – which capture how the economic impact of Ottawa's tourism industry can spread throughout the entire economy. **Figure ES-1** illustrates the various elements that account for the economic impact of the tourism industry.

Visitors to Ottawa spent
over \$2 billion in the city
in 2016

Figure ES-1: Economic Impact Overview of the Tourism Industry



Ongoing Economic Impact

Direct economic impact measures the employment directly associated with Ottawa’s tourism industry. This includes employment from organizations such as accommodations providers, restaurants, retail, ground transportation (e.g., transit/taxi/car rental) and other related industries where visitors to Ottawa spend their money. Indirect impacts include employment in industries that supply or provide services to the primary tourism related businesses, e.g. a food wholesaler who supplies food to Ottawa area restaurants that serve tourists. Induced employment is employment that is created because of expenditures by individuals employed both directly and indirectly by businesses related to the tourism industry. Total impacts are calculated by adding together the direct, indirect, and induced impacts.

Ongoing Economic Impact of Ottawa’s Tourism Sector

Annual Direct Impact:

- 30,600 jobs
- \$1 billion in earnings
- \$1.4 billion million in gross domestic product (GDP)
- \$3 billion in economic output

Direct Economic Impact

Ongoing activities carried out by businesses that serve tourists in Ottawa directly employs over 30,600 jobs,¹ with employees earning \$1 billion in direct wages and salaries. Direct employment generates over \$1.4 billion in direct gross domestic product (GDP) and over \$3 billion in direct economic output in the province annually. Combined, shopping/retail and food & beverage businesses make up over 51% of the total direct tourism-related employment in Ottawa, equal to over 15,600 jobs.

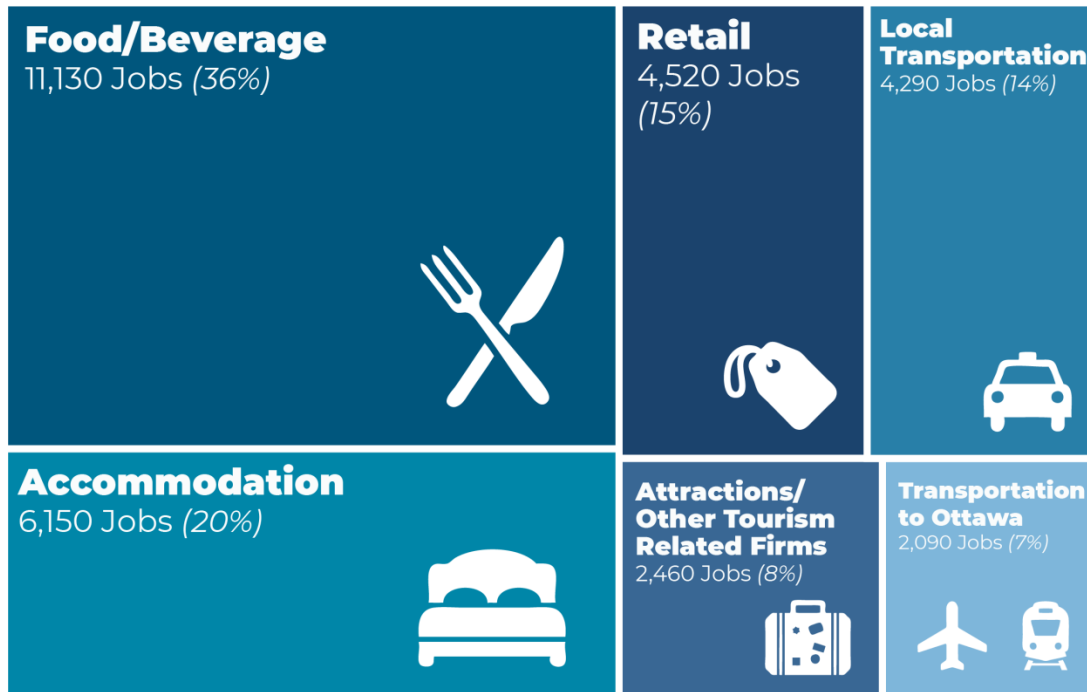


Ottawa's tourism industry is a source of employment for a wide variety of industries. The largest sector is food/beverage, followed by accommodations. A breakdown of the amount of direct tourism related jobs in Ottawa, by business type, is shown in **Figure ES-2**. According to the 2016 City of Ottawa statistics, it was estimated that Ottawa had 566,000 jobs in the city.² This implies that tourism-related jobs make up roughly 5% share of all jobs in the city. Tourism is an integral sector that supports other industries to be present and to grow and thrive beyond the local market. Tourism connects visitors to locals and can be a catalyst for growth other industries and economic development.

¹ Jobs include those who are employed on a full-time, part-time and seasonal basis.

² Source: <https://ottawa.ca/en/city-hall/get-know-your-city/statistics-and-economic-profile/statistics>

Figure ES-2:
Tourism Related Direct Employment in Ottawa, with the Percentage Share of Each Business Type, Based on 30,640 Direct Jobs of Employment



Total Economic Impact of Tourism in Ottawa



Including indirect and induced multiplier impacts, the ongoing economic impact of tourism in Ottawa in the Province of Ontario is estimated to be a total of over 43,000 jobs, of which over 30,600 jobs are directly related to the tourism industry. The total earnings of all employment amount to nearly \$1.7 billion in wages and salaries. Furthermore, Ottawa's tourism industry contributes an estimated \$2.7 billion and \$5.5 billion in total gross domestic product (GDP) and total economic output to the provincial economy, respectively. The total economic impacts of Ottawa's tourism sector are summarized in **Figure ES-3**.

Figure ES-3: Total Economic Impact of Tourism in Ottawa



| Impact | Employment (Jobs) | Wages (\$ Millions) | Value-Added GDP (\$ Millions) | Economic Output (\$ Millions) |
|--------------|-------------------|---------------------|-------------------------------|-------------------------------|
| Direct | 30,640 | \$1,000 | \$1,430 | \$3,030 |
| Indirect | 7,610 | \$430 | \$740 | \$1,510 |
| Induced | 5,320 | \$260 | \$550 | \$950 |
| Total | 43,570 | \$1,690 | \$2,720 | \$5,490 |

Note: Totals may not round, due to rounding.

Annual Tax Impacts of Ongoing Operations in Ottawa's Tourism Industry

Tourism in Ottawa is also an important generator of taxation revenues to all levels of government. Total taxes paid on an annual basis, by tourists, employers, and employees in Ottawa's tourism industry, are estimated at \$755 million per annum.

Annual Tax Impacts of Ottawa's Tourism Industry

Federal Government:

- \$385 million

Provincial Government:

- \$267 million

Municipal Government:

- \$103 million

Total Taxes → \$755 million

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