

ANALYSIS

Alberta offers all its residents and visitors diverse, high quality tourism products and experiences, featuring a safe environment, warm western hospitality, spectacular scenery, natural wonders, abundant wildlife and four-season outdoor activities.

Visitors can bring home memories of experiences that are unique in the world such as visits to stunning national and provincial parks and five of Canada's UNESCO World Heritage Sites. Opportunities exist to truly escape to nature while remaining close to urban comforts and excitement.

Alberta has world-class natural, historical and cultural products which highlight its diverse western, cultural, aboriginal, rural, agricultural, natural and palaeontological heritage. Visitors receive good value for their tourism dollars, with no provincial sales tax and Alberta is well served by two major international airports.

The province's vibrant economy has positioned Alberta as a destination that attracts the attention of prospective visitors who, once here, are entertained, inspired and educated. Alberta is a haven that relaxes visitors in safe and modern cities, quaint and interesting towns and in the midst of some of the most beautiful scenery on earth.

Regional markets continue to gain importance for Alberta's tourism industry given the tremendous economic growth occurring in Western Canada and the propensity of regional visitors to travel year-round and to all regions in the province.

Despite its world-class attributes, much work must still be done to establish a wider awareness of Alberta and the variety of experiences and products available in both established and emerging markets. Alberta is still working toward positioning itself as a "must see" tourism destination in an increasingly competitive marketplace.

Non-stop air access between Alberta and other markets is somewhat limited.

Increased resources from the Tourism Levy allows Travel Alberta to expand marketing horizons into British Columbia, Mexico, eastern Europe and India.

Leveraging the increasing awareness of Alberta as a destination brought about by its vibrant, newsworthy growth presents an excellent marketing opportunity. There is also growing interest in the marketplace for outdoor activities and unique heritage experiences.

Prime marketing opportunities also include: innovative tour packages based on customer needs, expectations and demand, winter tour package opportunities to attract the non-ski market, the 2010 Olympic Winter Games taking place in neighbouring British Columbia, shoulder season experiences and vacation packages that focus on quality and value.

Other promising marketing opportunities include co-operative marketing with British Columbia, markets being opened up by air carriers, emerging First Nations tourism development, and additional scheduled flights into Alberta's gateway cities.

Alberta's growing economy creates a challenge to keep Albertans in Alberta in the face of ever increasing competition from other travel destinations. More Albertans are planning trips and can now well afford to travel outside of Alberta and Canada.

Long-haul market challenges include limited non-stop air access to Alberta and bottlenecks at the connecting gateways of Toronto and Vancouver. Intense competition from other destinations with aggressive and extensive advertising and, in some cases, extremely low fares, particularly in Asia and Europe, are also key issues.

Higher energy costs are likely to lead to increased travel costs and increased security measures will hinder travel. The strength of the Canadian dollar makes outbound travel a more appealing alternative for Albertans, our largest market.

British Columbia is increasing its efforts to position itself as a gateway to the Rockies, and will improve its position in preparation for the 2010 Olympic Winter Games.

The predictability and sustainability of Travel Alberta's budget due to growing Tourism Levy receipts will help us to meet and overcome these challenges as we move forward over the next three years.

VISITATION & EXPENDITURES

TOURISM VISITATION (THOUSANDS)¹

	2001	2002	2003	2004	2005 ²	(Estimate) 2006	(Target) 2007	(Target) 2008	(Target) 2009
ALBERTA	18,045	16,515	13,234	13,317	13,650	13,855	14,132	14,627	14,993
OTHER CANADA	3,740	3,411	3,086	3,219	3,348	3,432	3,518	3,641	3,750
UNITED STATES	1,010	1,073	962	1,026	957	945	940	950	970
EUROPE	439	386	386	418	442	438	450	470	487
ASIA/PACIFIC	373	349	197	314	320	323	340	358	368
OTHER OVERSEAS	42	38	30	36	35	37	39	41	41
TOTAL	23,649	21,772	17,895	18,330	18,752	19,030	19,419	20,087	20,609

¹ Alberta and Other Canada visitation includes both same day and overnight person visits. All other regions are overnight person visits only.

² Visitation for Alberta and Other Canada are estimates; visitation for United States, Europe, Asia/Pacific and Other Overseas are actual.

TOURISM EXPENDITURES (\$ MILLIONS)

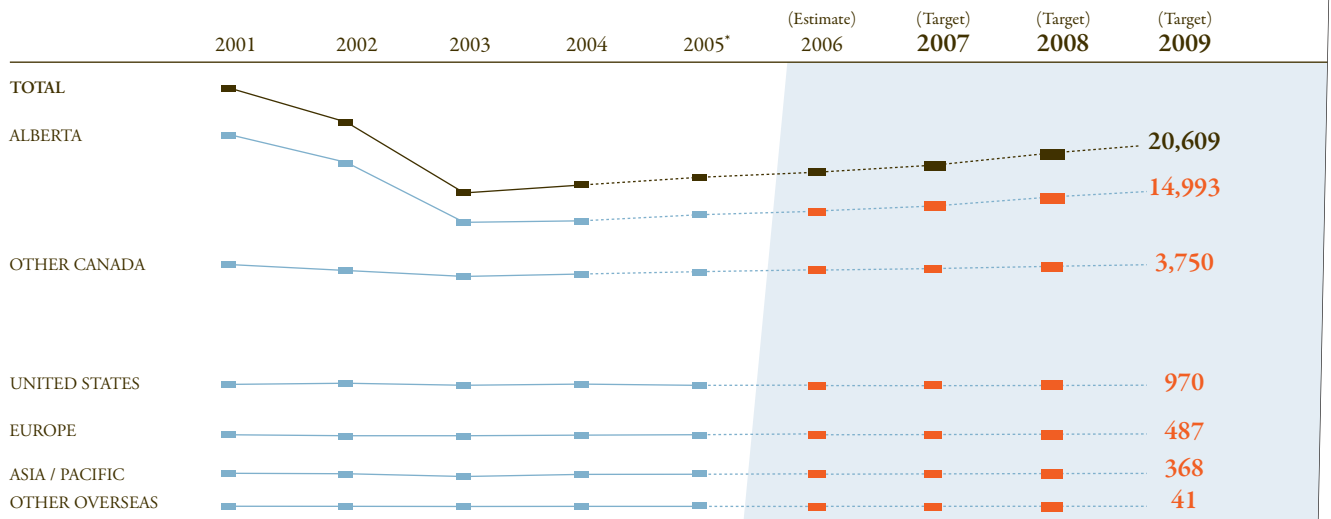
	2001	2002	2003	2004	2005 ¹	(Estimate) 2006	(Target) 2007	(Target) 2008	(Target) 2009
ALBERTA ²	2,651	2,889	2,089	2,326	2,477	2,601	2,744	2,909	3,054
OTHER CANADA	1,262	1,192	1,001	1,154	1,229	1,290	1,355	1,436	1,519
UNITED STATES	716	656	675	764	624	585	595	618	642
EUROPE	382	364	385	425	503	513	540	580	615
ASIA/PACIFIC	312	308	152	248	255	265	286	310	325
OTHER OVERSEAS	42	39	32	41	38	40	43	47	48
TOTAL	5,365	5,448	4,334	4,958	5,126	5,294	5,563	5,900	6,203

¹ Expenditures for Alberta and Other Canada are estimates; expenditures for United States, Europe, Asia / Pacific, and Other Overseas are actual.

² Expenditures include cost of transportation fares paid by Albertans to travel to other parts of Canada.

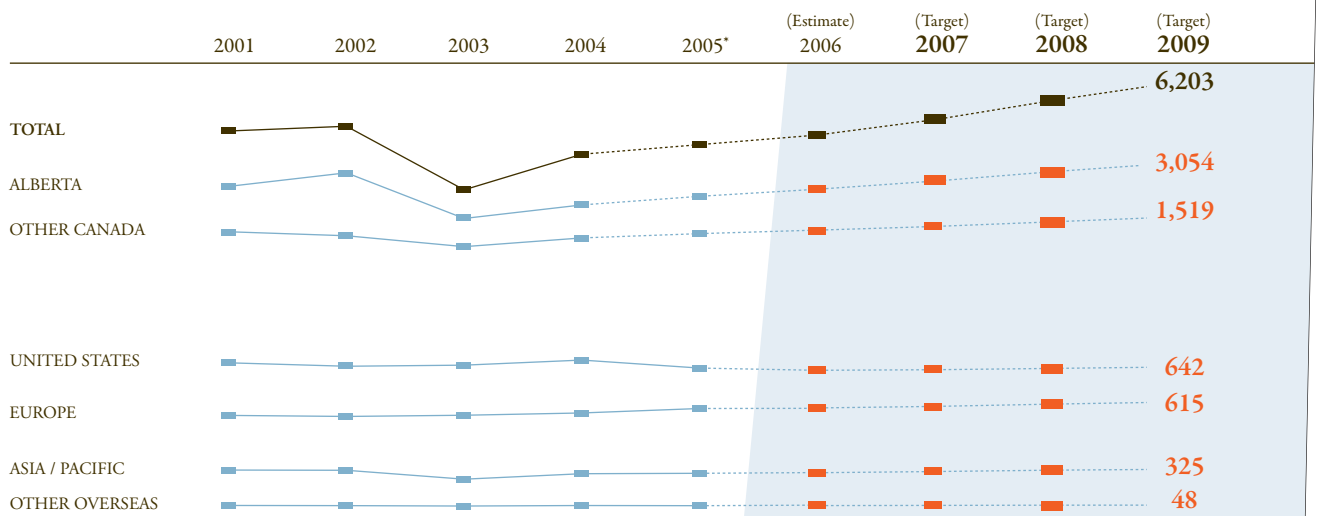
Note: At the time of printing, Statistics Canada had not yet released domestic (Alberta and Other Canada) tourism data for 2005. Consequently, all domestic data for 2005 and 2006 remain estimates.

TOURISM VISITATION (THOUSANDS)



*Visitation for Alberta and Other Canada are estimates; visitation for United States, Europe, Asia/Pacific and Other Overseas are actual.
Note: Graphs are not drawn to scale.

TOURISM EXPENDITURES (\$ MILLIONS)



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VISITATION

BY TOURISM DESTINATION REGION

VISITATION: CANADIANS (THOUSANDS)

	2001	2002	2003	2004
ALBERTA NORTH	1,787	1,477	1,426	1,441
ALBERTA CENTRAL	6,152	5,167	4,225	3,940
ALBERTA SOUTH	2,985	2,689	2,169	2,254
EDMONTON AND AREA	4,979	4,630	3,847	3,841
CALGARY AND AREA	4,328	4,355	3,503	3,531
CANADIAN ROCKIES	2,361	2,439	1,840	2,112
REGION UNSPECIFIED	103	176	160	257

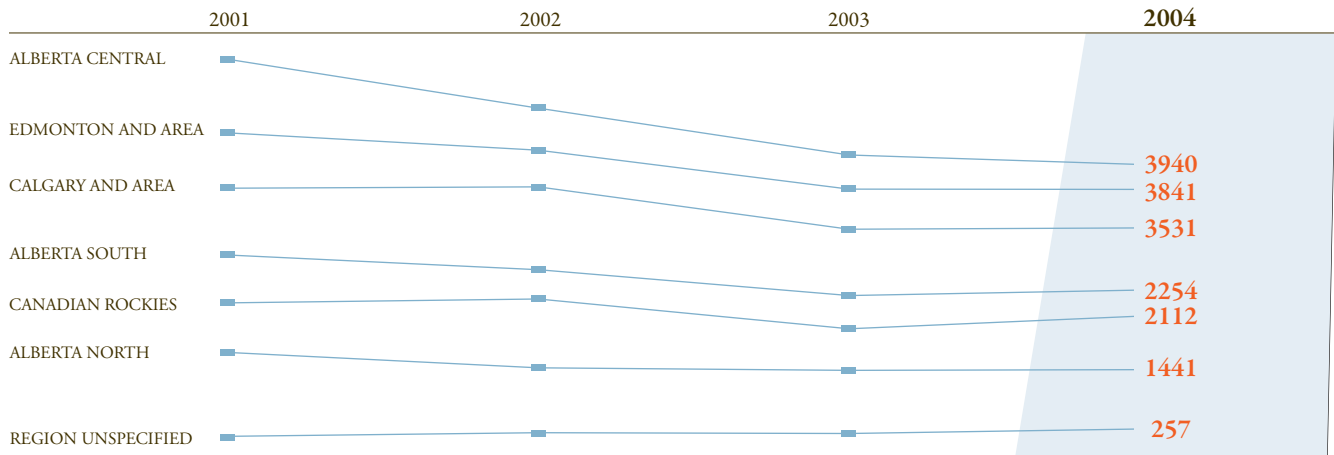
VISITATION: AMERICANS (THOUSANDS)

	2001	2002	2003	2004	2005
ALBERTA NORTH	32	40	49	60	49
ALBERTA CENTRAL	70	86	73	106	105
ALBERTA SOUTH	201	225	81	183	162
EDMONTON AND AREA	305	336	297	378	393
CALGARY AND AREA	296	296	272	292	224
CANADIAN ROCKIES	460	448	403	409	363
REGION UNSPECIFIED	9	22	14	12	12

VISITATION: OVERSEAS (THOUSANDS)

	2001	2002	2003	2004	2005
ALBERTA NORTH	9	11	10	11	24
ALBERTA CENTRAL	43	41	38	50	30
ALBERTA SOUTH	64	49	39	48	59
EDMONTON AND AREA	143	150	123	134	142
CALGARY AND AREA	381	347	283	365	357
CANADIAN ROCKIES	617	533	427	523	536
REGION UNSPECIFIED	6	9	4	8	6

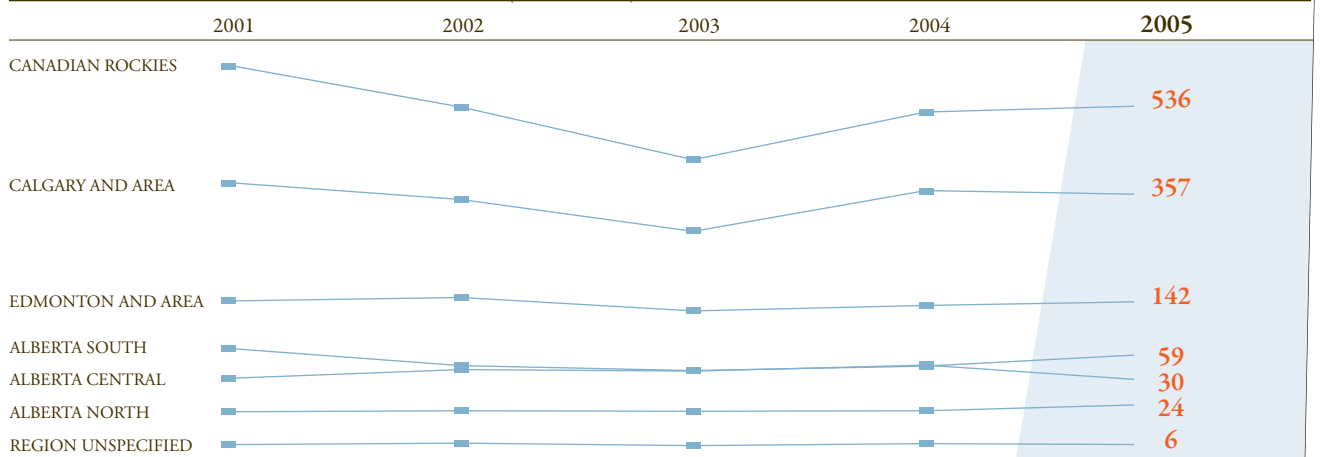
VISITATION: CANADIANS (THOUSANDS)



VISITATION: AMERICANS (THOUSANDS)



VISITATION: OVERSEAS (THOUSANDS)



EXPENDITURES

BY TOURISM DESTINATION REGION

EXPENDITURES: CANADIANS (\$ MILLIONS)

	2001	2002	2003	2004
ALBERTA NORTH	251	299	209	244
ALBERTA CENTRAL	400	425	329	388
ALBERTA SOUTH	286	283	236	269
EDMONTON AND AREA	872	838	699	725
CALGARY AND AREA	834	772	640	725
CANADIAN ROCKIES	326	462	316	376
REGION UNSPECIFIED	73	53	24	49

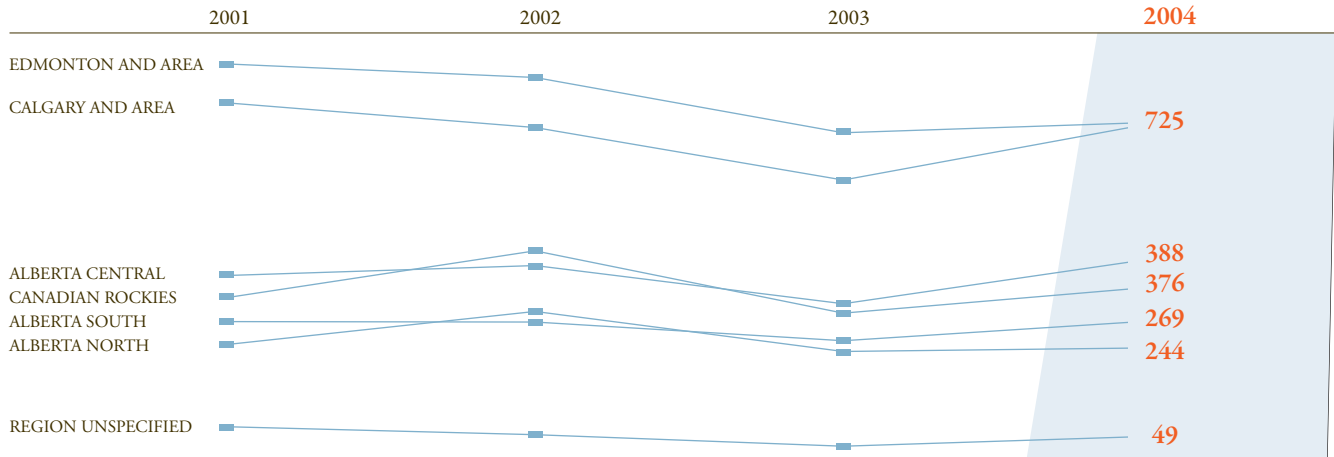
EXPENDITURES: AMERICANS (\$ MILLIONS)

	2001	2002	2003	2004	2005
ALBERTA NORTH	36	29	57	62	38
ALBERTA CENTRAL	24	26	34	55	42
ALBERTA SOUTH	41	48	39	43	32
EDMONTON AND AREA	162	198	192	232	208
CALGARY AND AREA	105	95	89	92	68
CANADIAN ROCKIES	338	249	257	272	229
REGION UNSPECIFIED	1	5	3	3	4

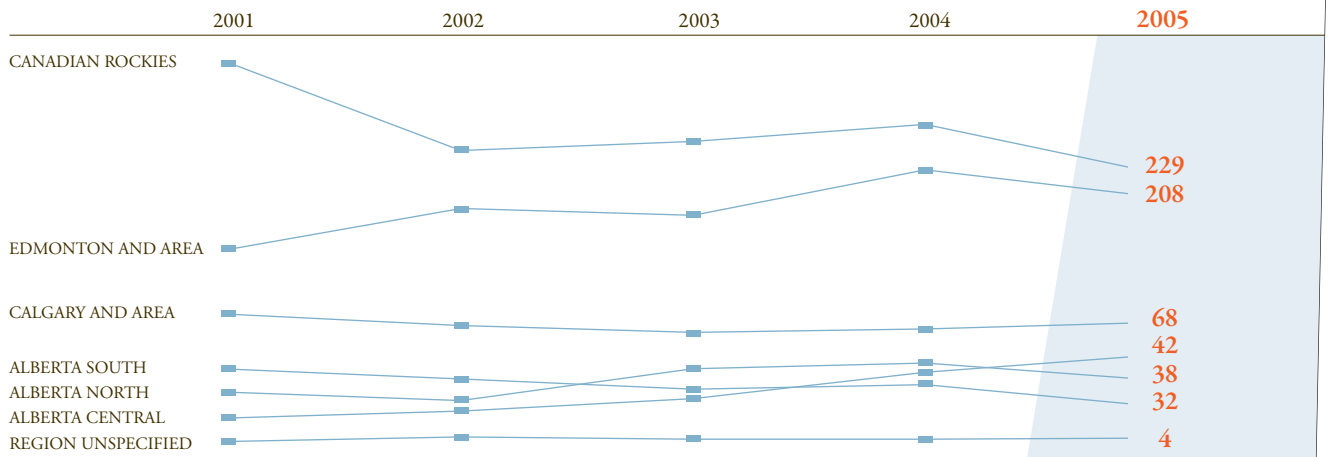
EXPENDITURES: OVERSEAS (\$ MILLIONS)

	2001	2002	2003	2004	2005
ALBERTA NORTH	5	4	4	9	16
ALBERTA CENTRAL	17	14	18	29	13
ALBERTA SOUTH	19	18	12	18	24
EDMONTON AND AREA	75	84	67	74	93
CALGARY AND AREA	194	187	145	175	194
CANADIAN ROCKIES	415	391	315	400	448
REGION UNSPECIFIED	2	4	1	2	3

EXPENDITURES: CANADIANS (\$ MILLIONS)



EXPENDITURES: AMERICANS (\$ MILLIONS)



EXPENDITURES: OVERSEAS (\$ MILLIONS)

