

# **Economic Impact of the Big Valley Jamboree**

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**By**

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# Introduction

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The Big Valley Jamboree is a large country Music Festival in Camrose, Alberta located southwest of Edmonton. The Festival is Camrose's largest, most prominent annual gathering of country music artists in the region. The Canadian Country Music Association has voted the Big Valley Jamboree as Canada's country music event of the year on four separate occasions: 2001, 2004, 2006 and 2009.

In the summer of 2010, Alberta Tourism, Parks and Recreation (ATPR) retained Infact Research to undertake on-site interviews at the event to understand spending patterns and estimate off-site expenditures of visitors attending the event.

The survey undertaken by Infact research showed that the Festival attracts significant volumes of visitors to Camrose. They come from many locations in Alberta and from outside Alberta. The total volume was estimated at 21,912 visitors in 2010; most of them from Alberta with 20,580 visitors. Those from outside Alberta accounted for only 1,330 visitors.

Econometric Research Limited was commissioned by ATPR to prepare this independent analysis of the economic contributions of the Festival to the Alberta economy, focusing particularly on the contributions of the tourism flows and new money to the region and Alberta. This contribution was assessed in terms of:

- Alberta's Gross Provincial Product (GPP).
- Provincial employment.
- Wages and salaries supported by the Festival in the province.
- Tax base.
- Tourism base.

Even though the focus of this Report is upon quantification of the economic impacts of the music festival, it is important to remember that economic impact indicators cannot measure in terms of economics alone the importance of the Festival to Camrose's entertainment and cultural base. These contributions are substantial and substantive even when they cannot be assigned dollar values.

## Economic Impact Analysis and Methodology

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A dollar spent on attending the Festival circulates and re-circulates 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 of tourists or the facility on wages and materials are generally referred to as the direct costs of operation and 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 incomes on consumer goods and services.

Some of the key terms and definitions 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 directly made by either the tourists visiting the Festival or the facility itself. It is these expenditures that drive the results.

**Value Added (Gross Provincial Income)** – This figure represents net output generated by the initial expenditures in Camrose or the province. It is typically the sum of wages, rent, interest and profits in addition to indirect business taxes and depreciation minus subsidies.

**Employment** – This refers to the total person years (full-time equivalent jobs) generated by the facility and its sustaining activities.

**Taxes** – Our 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 tax, the Provincial government receives the room tax and the Local government receives both property and business taxes.

**Imports** – These represent the goods and services acquired from outside the province to sustain the Festival’s activities. 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 incremental tourism expenditures is calculated by dividing the total income (value added) impact by the initial 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.

If the economy is operating at full employment, additional expenditures will most likely reflect themselves in higher prices and wages as additional workers attracted to the site are drawn from other employment. Only if, the economy is operating with excess capacity, some unemployment and slack in critical sectors and there exists no apparent bottlenecks anywhere in the economy, is it possible to claim that the person-years associated with the

activity expenditures represent additional or incremental employment. These are precisely the conditions that have prevailed in the study areas which allow us to claim that the economic impacts in this study are incremental impacts.

Economic impact analysis is a useful mathematical tool capable of quantifying the patterns and magnitudes of interdependence among sectors and activities. It is predicated on two fundamental propositions.

- First, regardless of the inherent value of primary activities such as appreciation of music and preservation of culture, to the extent that activity involves 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. In as much as the economy is a complex whole of interdependent and interacting activities, there are some significant indirect and induced impacts associated with the direct expenditures. These indirect and induced impacts are often larger than the direct impacts.

## **The Economic Impact Model**

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The impact model used here is a special application of a generic model (DEIM: Alberta) developed by Econometric Research Limited. It is a unique model that captures the economic impact of tourism expenditures at the local level (counties or economic regions), the provincial level (Alberta) and the national level. The model is based on a novel technology that integrates input-output analysis and location theory. The system has already been applied to the study of The Economic Impact of Tourism in Niagara Falls, The Economic Impact of West Edmonton Mall and several tourism projects identified by Alberta Economic Development.

The model utilises a large set of economic and technical databases that are regularly 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, etc.

## **The Results**

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The presentation of results is organised as follows. We first present the economic impact of incremental tourism impacts on the provincial economy. This is followed by the presentation of the local impacts. In particular, we concentrate on employment and the tax recovery portion of the impacts. Furthermore, we group the operational and incremental impacts together as part of the recurrent and sustainable impacts for the province.

## The Incremental Tourism Impacts

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These visitors spend large amounts on food and beverage, transportation, retail and accommodation. The data in Table 1 makes a number of useful distinctions between local Albertans (those visiting from within 25 km), Other Albertans and Non-Albertans' expenditures.

Total visitor expenditures exclusive of corporate sponsors exceeded \$7.8 million. The largest share of these expenditures is made by visitors from Alberta with \$7.3 million. Visitors from outside Alberta spent \$557 thousand and Corporate Sponsors spent \$806.6 thousand for a total of \$8.6 million.

This volume of expenditures sustained a total value-added income impact of \$9.4 million with \$5.4 million of this income in wages and salaries. The permanent full-time equivalent jobs sustained by these expenditures exceeded 125 person years with a direct component of 59. The corresponding effective wages are \$33,716 for the direct employment and \$42,514 for the total. These wages are slightly higher than the typical low wages that are the hall mark of tourism generated employment (see Table 1 and Figure 1).

Tax collections on these expenditures are significant. A total revenue of over \$3.4 million was collected by the three levels of government with the lion's share going to the federal government with about \$2.2 million, the provincial government collecting almost \$823 thousand and local governments the remaining \$283 thousand. The detailed account of the taxes that each level of government collected is displayed in Table 2. A very specific assignment characterizes this distribution. The federal government dominates the personal income taxes and corporate profit taxes and claims alone the GST revenues. The provincial government derives most of its tax revenues from personal income taxes but also from corporate profit taxes and some indirect business taxes (see Table 2 and Figure 2).

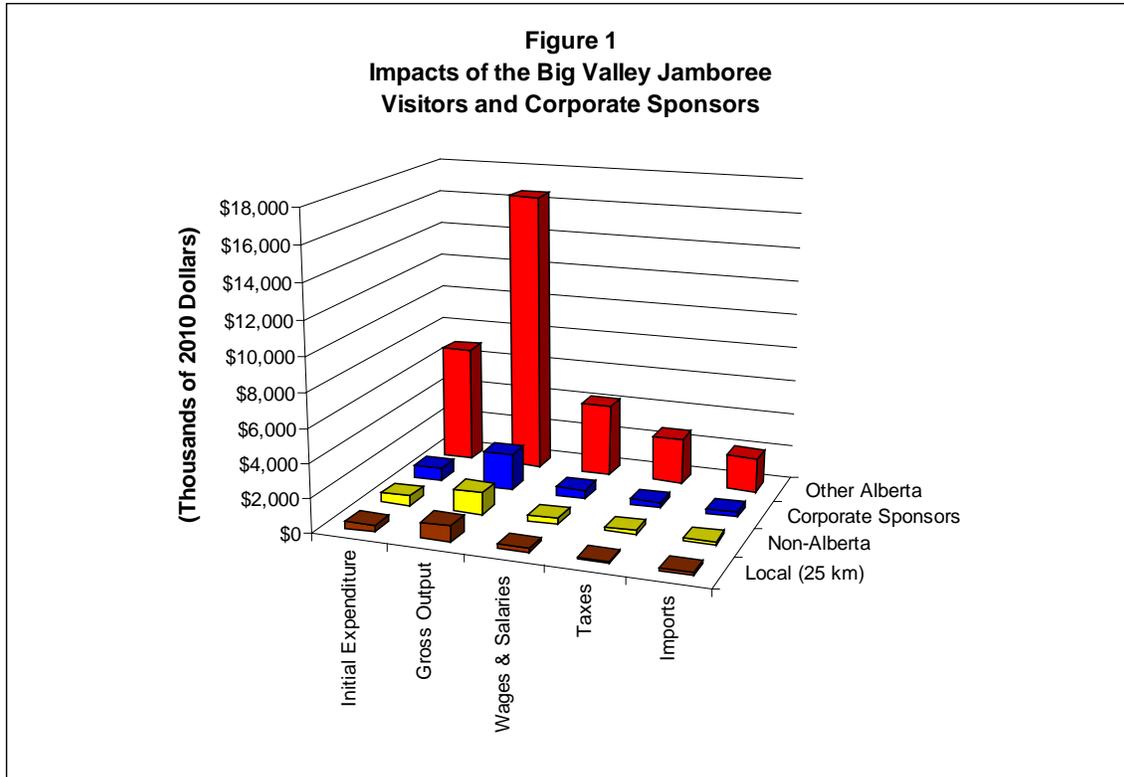
Total visitor expenditures account for most of the impacts. Actually, 8.6 million in value added was contributed by these expenditures out of the total of \$9.4 million. The corporate sponsors' expenditures accounted for only \$800 thousand. The contribution of the visitors' expenditures to employment is also high with 109 person years out of the 126 person years. The same is true for taxes, wages and salaries, and other impacts.

An interesting contribution of total visitor expenditures and corporate sponsors' expenditures is to the Tourism Levy. The total Tourism Levy collected exceeded \$74,457, whereas corporate sponsors accounted for \$2,504 of this total (See Table 2 and Figure 2).

**Table 1**  
**Province-Wide Impacts of the Big Valley Jamboree**  
(2010 Dollars)

	<b>Local (25 km)</b>	<b>Other Alberta</b>	<b>Total Alberta</b>	<b>Non- Alberta</b>	<b>Total Visitors</b>	<b>Corporate Sponsors</b>	<b>Total</b>
Initial Expenditure	\$383,206	\$6,871,156	\$7,254,362	\$557,320	\$7,811,682	\$806,600	\$8,618,282
Value Added							
Direct	\$146,175	\$2,604,944	\$2,751,119	\$223,288	\$2,974,407	\$104,504	\$3,078,911
Indirect & Induced	\$273,122	\$4,944,943	\$5,218,065	\$400,697	\$5,618,762	\$695,743	\$6,314,505
Total	\$419,297	\$7,549,887	\$7,969,184	\$623,985	\$8,593,169	\$800,247	\$9,393,416
Multiplier	1.09	1.10	1.10	1.12	1.10	0.99	1.09
Gross Output							
Direct	\$383,206	\$6,871,156	\$7,254,362	\$557,320	\$7,811,682	\$806,600	\$8,618,282
Indirect & Induced	\$546,088	\$9,667,192	\$10,213,280	\$758,298	\$10,971,578	\$1,338,453	\$12,310,031
Total	\$929,294	\$16,538,348	\$17,467,642	\$1,315,618	\$18,783,260	\$2,145,053	\$20,928,313
Multiplier	2.43	2.41	2.41	2.36	2.40	2.66	2.43
Wages & Salaries							
Direct	\$96,226	\$1,673,670	\$1,769,896	\$140,104	\$1,910,000	\$75,875	\$1,985,875
Indirect & Induced	\$146,198	\$2,589,161	\$2,735,359	\$207,387	\$2,942,746	\$411,166	\$3,353,912
Total	\$242,424	\$4,262,831	\$4,505,255	\$347,491	\$4,852,746	\$487,041	\$5,339,787
Employment							
Direct	2.5	43.6	46.1	3.4	49.5	9.4	58.9
Indirect & Induced	3.0	52.0	55.0	4.1	59.1	7.6	66.7
Total	5.5	95.6	101.1	7.5	108.6	17.0	125.6
Multiplier	2.20	2.19	2.19	2.21	2.19	1.81	2.13
Taxes							
Federal	\$100,246	\$1,797,025	\$1,897,271	\$148,581	\$2,045,852	\$197,587	\$2,243,439
Provincial	\$36,430	\$656,868	\$693,298	\$56,773	\$750,071	\$72,539	\$822,610
Local	\$12,513	\$225,623	\$238,136	\$19,500	\$257,636	\$24,916	\$282,552
Total	\$149,189	\$2,679,517	\$2,828,706	\$224,854	\$3,053,560	\$295,042	\$3,348,602
Imports							
From Other Provinces	\$46,372	\$812,040	\$858,412	\$64,302	\$922,714	\$119,074	\$1,041,788
From Other Countries	\$70,803	\$1,215,007	\$1,285,810	\$92,392	\$1,378,202	\$165,550	\$1,543,752
Total	\$117,175	\$2,027,047	\$2,144,222	\$156,694	\$2,300,916	\$284,624	\$2,585,540

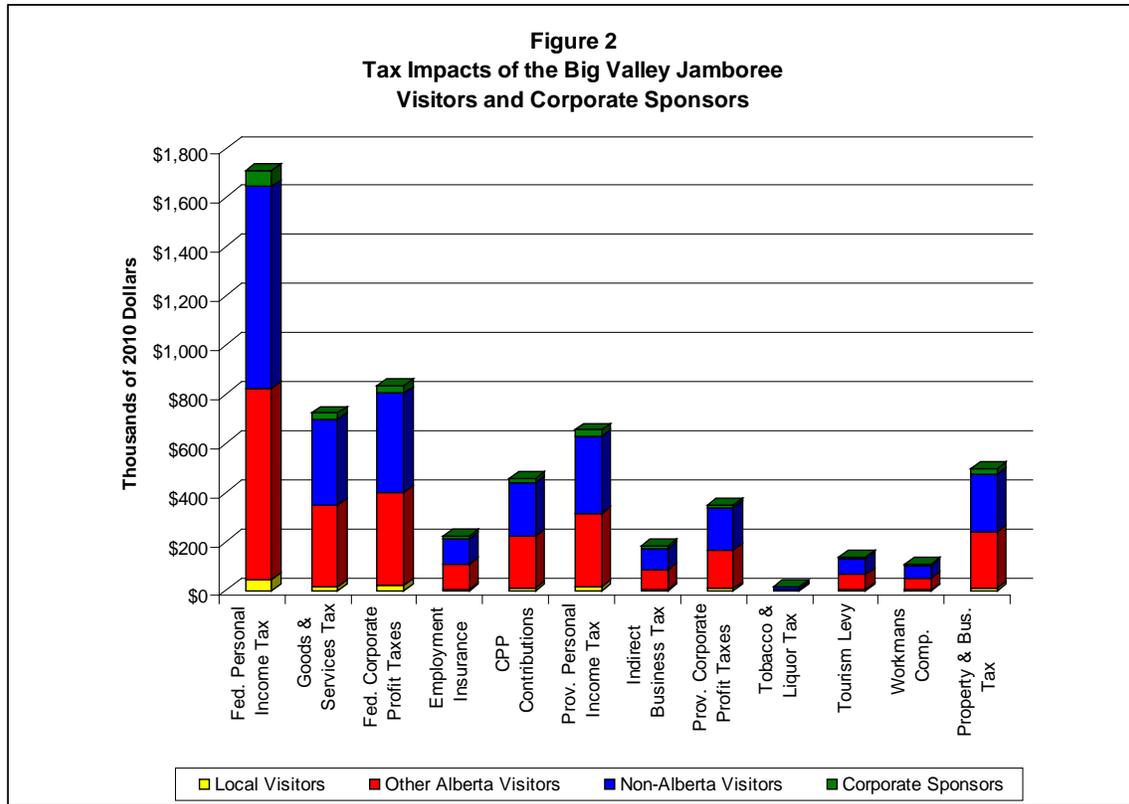
Source: Econometric Research Limited



**Table 2**  
**Province-Wide Tax Impacts of the Big Valley Jamboree**  
(2010 Dollars)

	Local (25 km)	Other Alberta	Total Alberta	Non- Alberta	Total Visitors	Corporate Sponsors	Total
<b>Federal</b>							
Personal Income Tax	\$44,218	\$777,521	\$821,739	\$63,382	\$885,121	\$88,834	\$973,955
Goods & Services Tax	\$17,959	\$329,593	\$347,552	\$27,970	\$375,522	\$37,152	\$412,674
Corporate Profit Taxes	\$20,493	\$380,853	\$401,346	\$32,036	\$433,382	\$36,290	\$469,672
Employment Insurance	\$5,712	\$100,440	\$106,152	\$8,188	\$114,340	\$11,476	\$125,816
CPP Contributions	\$11,864	\$208,618	\$220,482	\$17,006	\$237,488	\$23,835	\$261,323
<b>Total Federal</b>	<b>\$100,246</b>	<b>\$1,797,025</b>	<b>\$1,897,271</b>	<b>\$148,581</b>	<b>\$2,045,852</b>	<b>\$197,587</b>	<b>\$2,243,439</b>
<b>Provincial</b>							
Personal Income Tax	\$16,948	\$298,019	\$314,967	\$24,294	\$339,261	\$34,049	\$373,310
Indirect Business Tax	\$4,331	\$81,657	\$85,988	\$8,184	\$94,172	\$14,058	\$108,230
Corporate Profit Taxes	\$8,553	\$158,948	\$167,501	\$13,370	\$180,871	\$15,145	\$196,016
Tobacco & Liquor Tax	\$356	\$6,703	\$7,059	\$672	\$7,731	\$1,154	\$8,885
Tourism Levy	\$3,440	\$62,276	\$65,716	\$6,237	\$71,953	\$2,504	\$74,457
Workmans Comp.	\$2,802	\$49,266	\$52,068	\$4,016	\$56,084	\$5,629	\$61,713
<b>Total Provincial</b>	<b>\$36,430</b>	<b>\$656,868</b>	<b>\$693,298</b>	<b>\$56,773</b>	<b>\$750,071</b>	<b>\$72,539</b>	<b>\$822,610</b>
<b>Local</b>							
Property & Bus. Tax	\$12,513	\$225,623	\$238,136	\$19,500	\$257,636	\$24,916	\$282,552
<b>Total</b>	<b>\$149,189</b>	<b>\$2,679,516</b>	<b>\$2,828,705</b>	<b>\$224,854</b>	<b>\$3,053,559</b>	<b>\$295,042</b>	<b>\$3,348,601</b>

Source: Econometric Research Limited



## The Operational Expenditures Impacts

Operational expenditures to organize, support and sustain the Festival in Camrose involved an expenditure of \$5.9 million inclusive of wages and salaries, advertising, insurance, utilities, etc. Actually, the largest expenditure item was on advertising and travel with about \$2.5 million. Other large expenditure items included wages and salaries of \$488,014, insurance and finance costs of \$693,283, other services of \$991,512 and professional services of \$435,130.

An increase of \$6.8 million in Alberta's GDP is attributed to operational expenditures. Of this, \$4.2 million was the share of wages and salaries in this income impact. About 111 person years of employment are sustained by these expenditures. The direct effective wage was \$25,942 and an effective total wage was \$37,966. Given the large complement of part time jobs that will be sustained by the operations of the Festival, this level of wages is respectable and expected (see Table 3 and Figure 3).

Tax revenues rose by almost \$2.5 million with about \$1.7 million accruing to the federal government and almost \$613 thousand to the provincial government. Local governments collected about \$210 thousand (see Tables 4 and Figures 4).

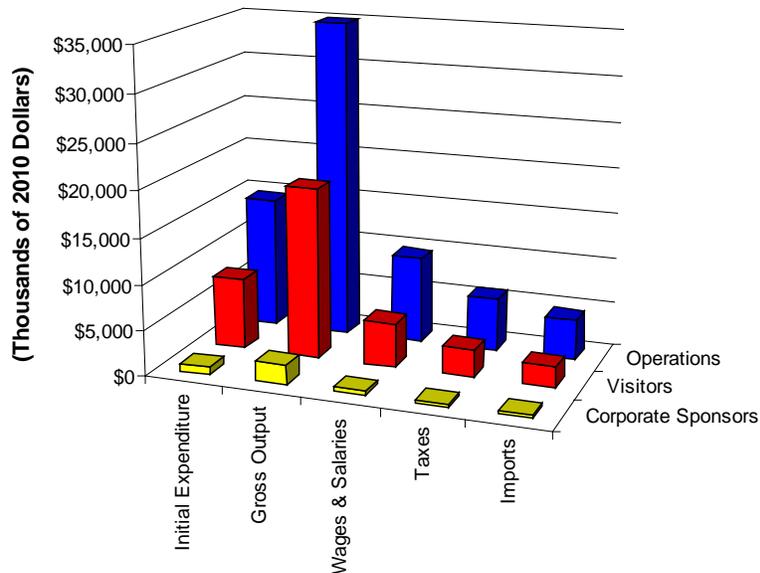
Personal income taxes are the single largest contributor to the federal and provincial governments' coffers. A whole host of other taxes make substantial contributions too. The federal government collects significant revenues from the GST, CPP contributions and EI contributions. The provincial government collects respectable sums from indirect business taxes, from licenses and fees as well as from the corporate profit taxes (see Table 4 and Figure 4).

**Table 3**  
**Province-Wide Impacts of the Big Valley Jamboree**  
(2010 Dollars)

	<b>Visitors</b>	<b>Corporate Sponsors</b>	<b>Operations</b>	<b>Total</b>
Initial Expenditure	\$7,811,682	\$806,600	\$5,902,007	\$14,520,289
Value Added				
Direct	\$2,974,407	\$104,504	\$2,228,930	\$5,307,841
Indirect & Induced	\$5,618,762	\$695,743	\$4,534,279	\$10,848,784
Total	\$8,593,169	\$800,247	\$6,763,209	\$16,156,625
Multiplier	1.10	0.99	1.15	1.11
Gross Output				
Direct	\$7,811,682	\$806,600	\$5,967,263	\$14,585,545
Indirect & Induced	\$10,971,578	\$1,338,453	\$8,099,996	\$20,410,027
Total	\$18,783,260	\$2,145,053	\$14,067,259	\$34,995,572
Multiplier	2.40	2.66	2.38	2.41
Wages & Salaries				
Direct	\$1,910,000	\$75,875	\$1,538,363	\$3,524,238
Indirect & Induced	\$2,942,746	\$411,166	\$2,660,686	\$6,014,598
Total	\$4,852,746	\$487,041	\$4,199,049	\$9,538,836
Employment				
Direct	49.5	9.4	59.3	118.2
Indirect & Induced	59.1	7.6	51.3	118.0
Total	108.6	17.0	110.6	236.2
Multiplier	2.19	1.81	1.87	2.00
Taxes				
Federal	\$2,045,852	\$197,587	\$1,664,793	\$3,908,232
Provincial	\$750,071	\$72,539	\$612,772	\$1,435,382
Local	\$257,636	\$24,916	\$210,476	\$493,028
Total	\$3,053,560	\$295,042	\$2,488,040	\$5,836,642
Imports				
From Other Provinces	\$922,714	\$119,074	\$815,203	\$1,856,991
From Other Countries	\$1,378,202	\$165,550	\$1,045,751	\$2,589,503
Total	\$2,300,916	\$284,624	\$1,860,954	\$4,446,494

Source: Econometric Research Limited

**Figure 3**  
**Impacts of the Big Valley Jamboree**  
**Visitors, Corporate Sponsors and Operations**

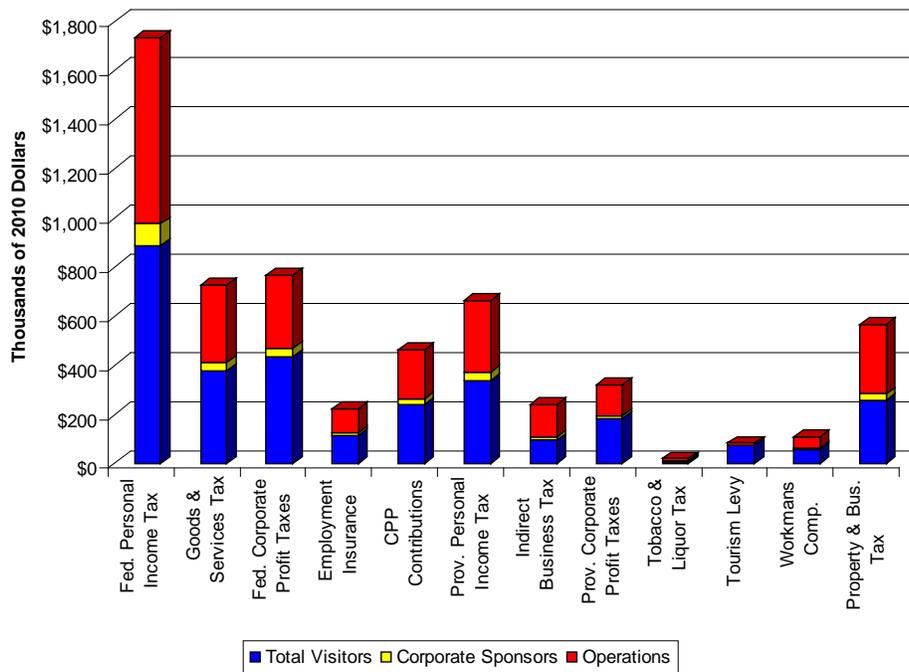


**Table 4**  
**Province Wide Tax Impacts of the Big Valley Jamboree**  
 (2010 Dollars)

	<b>Total Visitors</b>	<b>Corporate Sponsors</b>	<b>Operations</b>	<b>Total</b>
<b>Federal</b>				
Personal Income Tax	\$885,121	\$88,834	\$755,936	\$1,729,891
Goods & Services Tax	\$375,522	\$37,152	\$311,283	\$723,957
Corporate Profit Taxes	\$433,382	\$36,290	\$297,095	\$766,767
Employment Insurance	\$114,340	\$11,476	\$97,652	\$223,468
CPP Contributions	\$237,488	\$23,835	\$202,827	\$464,150
<b>Total Federal</b>	<b>\$2,045,852</b>	<b>\$197,587</b>	<b>\$1,664,793</b>	<b>\$3,908,232</b>
<b>Provincial</b>				
Personal Income Tax	\$339,261	\$34,049	\$289,745	\$663,055
Indirect Business Tax	\$94,172	\$14,058	\$132,187	\$240,417
Corporate Profit Taxes	\$180,871	\$15,145	\$123,992	\$320,008
Tobacco & Liquor Tax	\$7,731	\$1,154	\$10,851	\$19,736
Tourism Levy	\$71,953	\$2,504	\$8,099	\$82,556
Workmans Comp.	\$56,084	\$5,629	\$47,898	\$109,611
<b>Total Provincial</b>	<b>\$750,071</b>	<b>\$72,539</b>	<b>\$612,772</b>	<b>\$1,435,382</b>
<b>Local</b>				
Property & Bus. Tax	\$257,636	\$24,916	\$282,552	\$565,104
<b>Total</b>	<b>\$3,053,559</b>	<b>\$295,042</b>	<b>\$2,560,117</b>	<b>\$5,908,718</b>

Source: Econometric Research Limited

**Figure 4**  
**Tax Impacts of the Big Valley Jamboree**  
**Visitors, Corporate Sponsors and Operations**



## Total Impacts

Adding together the economic impacts of total visitor expenditures, corporate sponsors and operations, a large stream of benefits are realized from the Big Valley Jamboree. The grand total of these expenditures exceeded \$14.5 million and sustained \$16.2 million in provincial income. Wages and salaries supported by these three levels of expenditures are over \$9.5 million. A total of 236 Albertans owe their full-time equivalent jobs to the festival (see Table 3 and Figure 3).

The net cost of this major musical event in Camrose are low given that collectively the three levels of government raise over \$5.8 million in revenues on the Festival’s economic impact (see Table 4 and Figure 4). The total share of the Alberta government in the total tax revenue collected on these impacts is over \$1.4 million.

## Conclusions

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The Big Valley Jamboree generated stable tourism and operationally based employment for local residents. The Festival attracted large volumes of tourists from surrounding areas and from outside the province that spent money in the area that may not have been spent if the Festival was not located there.

Our estimates show that Alberta benefited from the tourism and operational expenditures of the Festival. Among the most relevant impacts we include:

- The Gross Provincial Product of Alberta (value-added income) increased by almost \$16.2 million.
- More than 236 Albertans owed their full time jobs to the tourism and operational expenditures of the Festival.
- Wages and salaries in Alberta were augmented by a total of over \$9.5 million.
- More than \$5.8 million in tax revenues were realized on these impacts by the three levels of government.
- The provincial government collected over \$1.4 million, whereas local governments in Alberta collectively collected over \$493 thousand.
- The employment impacts of the industry are widely spread over almost industries through extensive forward and backward linkages that the Festival maintains in Alberta.

Even though the focus of this Report is upon quantification of the economic impacts of the Big Valley Jamboree, it is important to remember that the economic impact indicators presented here cannot measure in terms of dollars alone the importance of the diverse cultural contributions to the province and region made by this Festival.