

CGG30 Unit 2: Tourism and the Economy

Activity 1: The Economics of Tourism

Overview

After reading for background information on Muskoka Tourism, you will look at a table of statistics showing the areas reliance on the tourism industry.

Lesson

This unit will deal with the economic side of tourism. How does the economy affect tourism and how does tourism affect the economy. To cover these complex topics we must first learn a few of the terms that will be needed for this activity.

Direct impact - tourist dollars spent on easily identified transactions, with positive economic benefits

Direct employment - those jobs that deal directly with the travel and tourism industry ex. Tour guide, hotel owner, flight attendant etc.

Indirect impact - secondary transactions generated by the direct spending of tourists

Indirect Employment - those jobs that happen as a result of changes in the travel and tourism industry and are affected by the industry in times of success and times of trouble ex. Construction workers, taxi drivers, investors in airlines etc.

Multiplier Effect - a process in which money spent on a project or event is re-spent many times so that its effect is multiplied many times, enlarging the economy

Travel and Tourism Economy - the direct and indirect spending associated with travel and tourism

Travel and Tourism Industry - the provision of goods and services for travelers and tourists

Muskoka



Muskoka lies in the heart of the Canadian Shield about 2 hours north of Toronto. It has been a vacation spot for all of Ontarians and some Americans alike for over 100 years. It offers plenty of freshwater lakes, rivers and beautiful landscapes. Many people own or rent cottages here during late spring, summer and early fall.



Muskoka offers a variety of activities and attractions during this time and offers people of all ages a place for relaxation and recreation. Picture 3 small towns in Muskoka - Gravenhurst (population 10 000), Bracebridge (population 13 000) and Huntsville (population 11 000) getting 2 million visitors a year during its busiest months.

How do the people of these towns accommodate all the visitors? How different is the economy in the summer compared with in the winter? The answer is a bit complicated. The economy is even more complicated. The fact is though; this area thrives in the summer because of all the visitors and suffers in the winter months because of its dependence on the tourism industry. Look at the table below to see just how profound the impact was in 2003.

The Economic Impact of Ontario's Tourism Receipts on Muskoka District Municipality

1. In 2003, Ontario's tourism receipts reached \$ 19.7 billion (visitor spending plus fares paid by Ontarians to Canadian carriers in order to travel to destinations outside the province). These receipts, which include those of Muskoka District Municipality's, generated \$241,835,000 of GDP for Muskoka District Municipality, \$132,822,000 in labour income and 4,408 jobs.

The Economic Impact of Ontario's Tourism Receipts on Muskoka District Municipality	
	Impacts of Ontario's total tourism receipts on Muskoka District Municipality
GDP (Gross Domestic Product) \$	
Direct	163,958 000
Indirect	29,485 000
Induced	48,391 000
Total	241,834 000
Wages and Salaries \$	
Direct	86,906 000
Indirect	18,818 000
Induced	27,096 000
Total	132,822 000
Number of Jobs	
Direct	3,395
Indirect	411
Induced	600
Total	4,408
Taxes \$	
Direct	88,809 000
Indirect	9,258 000

Induced	22,910 000
Total	120,978 000
Federal	60,892 000
Provincial	52,540 000
Local	7,546 000

Source: Ontario Ministry of Tourism and Recreation

Assignment

1. What is the difference between direct and indirect impact?
2. What is the definition of direct employment? How is indirect employment different?
3. What is the multiplier effect?
4. What is the difference between the Travel and Tourism Industry and the Travel and Tourism Economy?
5. In 2003, how many visitors did Muskoka receive during its busiest months?
6. In 2003, what was the total number of tourism receipts?
7. What was the total number of jobs created in Muskoka in 2003 as a result of the travel and tourism industry? How many of those jobs were direct jobs?
8. When you read the information about Muskoka, you can see clearly how tourism impacts its economy. For example, in 2003, 4408 jobs were created. What we don't see in the table of statistics, however, is just how many of these jobs continue throughout the whole year. Some of the jobs were full time, but that could mean full time hours for only 5 months of the year. What do these people do for income during the other 7 months of the year? How can this area diversify its economy so that jobs last longer than 5 months of the year?

For example, could be ice fishing and snowmobiling at the resorts be offered so that jobs could exist throughout the winter? Could a whole other industry or place of work be created for these people during the other 7 months of the year?

Write a reflection that addresses the above questions and offer 3 original ideas that can help diversify Muskoka's economy for the winter months.