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Message from the Minister



Dear Tourism Colleagues:

It is my pleasure to greet you as the new Minister of Tourism and Recreation in this first issue of *Ontario Tourism Facts & Figures* of 2003. The new year is a time to reflect on the challenges and successes of the past year and to look forward to the opportunities that this year may bring.

Though tourism performance in Ontario was lower in most of 2002, there was an encouraging upturn in November and December. My Ministry will endeavour to build on that momentum, and I firmly believe that as Canada's largest tourism industry we can take full advantage of our opportunities in 2003. The feedback from our Tourism Strategy Stakeholder Consultations will be invaluable to our efforts to strengthen our industry.

I look forward to continuing to work with you to build on Ontario's reputation as a world-renowned tourism destination.

Sincerely,



Brian Coburn
Minister

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9th Floor, Hearst Block
900 Bay Street, Toronto, ON M7A 2E1
www.tourism.gov.on.ca

Economic Outlook

Ontario's Economic Strength Expected to Continue Throughout 2003

Ontario's economic growth is expected to continue to outpace the overall Canadian economic growth in 2003 with an unemployment rate below the national average.

Canada

Canada's Real Gross Domestic Product (GDP) is expected to have grown by 3.2% in 2002. The same growth rate is expected in 2003. Conference Board of Canada data indicate that in 2002, Real GDP grew by 0.8% in the third quarter but expected growth in the fourth quarter are expected is a minimal 0.4%.

The unemployment rate is expected to fall to 7.3%, a decrease of 5% from the rate in 2002.

Real disposable income of Canadians is expected to have increased by 4.6% in 2002 and to continue to grow in 2003 by 4.8%.

The value of the Canadian dollar relative to the U.S. dollar is expected to remain relatively constant around the USD \$0.64 level in 2003.

Ontario

Real GDP in Ontario grew by 1.5% during the third quarter of 2002. Marginal growth of 0.7% is expected for the fourth quarter of 2002.

Ontario's Real GDP anticipated increase of 5.5% over the full year of 2002 is expected to outpace the 3.2% increase in the GDP of all of Canada. This trend will continue in 2003, with Ontario's expected growth rate of 5.5%, outpacing the anticipated Canadian growth rate of 3.2%.

Ontario's 7.0% unemployment rate during the fourth quarter of 2002 was below the national level. Projected Ontario annual unemployment rates of 7.1% in 2002 and 6.9% in 2003 are also below the national level.

Short Term Economic Indicators Canada & Ontario Q3 2002 (actual), Q4 2002, 2002 and 2003 Forecast (f)					
		Q3 2002	Q4 2002 (f)	2002 (f)	2003 (f)
Real Gross Domestic Product – ROC	Can	0.8	0.4	3.2	3.2
	ON	1.5	0.7	5.5	5.5
Consumer Price Index – ROC	Can	1.1	0.8	2.3	2.4
	ON	1.3	0.1	2.1	2.0
Unemployment Rate	Can	7.6	7.6	7.7	7.3
	ON	7.2	7.0	7.1	6.9
Real Disposable Income – ROC	Can	1.0	0.8	4.6	4.8
	ON	1.2	0.7	4.2	5.2
Exchange Rates (U.S./Can)	Can	0.640	0.636	0.637	0.644

(f) = forecast, ROC = Rate of change over previous period
Source: Conference Board of Canada

Tourism Statistics

European Air Travel to Ontario: Increases expected in 2003

Based on tickets issued for travel from Europe¹ to Ontario by the end of the fourth quarter of 2002 travel in the first quarter of 2003 is expected to increase by 32.4% over bookings made during the same period of 2001. Booked travel for the second quarter of 2003 is expected to increase significantly over the same period of 2002, with bookings up by 147%. Too few bookings have been made for the third quarter 2003 to compare at this time.

Source: IATA Aviation Information and Research

¹ Data only available for air travel booked through travel agents in the UK, Germany, France, Netherlands, Switzerland and Belgium/Luxembourg

Accommodations: Occupancy rates lower in 2002, no change in average daily rates

Ontario occupancy rates dropped to 61.7% in 2002, but were only 1.8% lower than in 2001. Average daily rates remained at \$117.77 in 2002.

The table below outlines occupancy and average daily rates for several different markets across the province.

Occupancy and Average Daily Rates Year-end 2002				
Market	Occupancy Rate		Average Daily Rate	
	2002	% ch*	2002	% ch*
Downtown Toronto	67.5%	-0.4%	\$159.93	-0.5%
Toronto Airport	64.3%	-2.2%	\$112.61	-0.6%
GTA West	62.0%	-4.4%	\$100.20	0.1%
GTA East/North	59.5%	-5.5%	\$107.35	0.8%
Kingston	61.7%	0.2%	\$101.69	5.2%
Ottawa	64.7%	-5.3%	\$124.85	-1.7%
Other Eastern Ontario	56.3%	2.2%	\$86.46	1.8%
London	57.8%	-0.4%	\$93.55	0.9%
Windsor	63.5%	6.2%	\$105.61	-1.5%
KW/Cambridge/Guelph	62.9%	-2.4%	\$92.07	-1.4%
Niagara Falls	57.8%	4.1%	\$131.74	0.5%
Other Niagara Region	52.2%	-5.1%	\$90.28	6.3%
Other Southern Ontario	51.7%	1.0%	\$92.14	6.9%
Central Ontario	54.1%	-4.2%	\$119.61	2.8%
North Bay	57.7%	-3.2%	\$88.88	2.0%
Sudbury	63.5%	-2.1%	\$82.99	0.1%
Sault Ste Marie	58.3%	2.9%	\$88.78	3.9%
North Western Ontario	70.6%	6.9%	\$85.04	1.9%
TOTAL ONTARIO	61.7%	-1.8%	\$117.77	0.0%

* percent change over 2001

Data based on Pannell Kerr Forster's unweighted sample, which tends to be branded properties of 30 rooms or more.

Source: Pannell Kerr Forster

International Border Crossings: Overnight up over 2001, but total crossings down when compared to 2000

Total border crossings by American and overseas visitors into Ontario were down by 6.7% in 2002 over 2001, but total crossings into Ontario by visitors who spent one night or more increased by 1.7% over 2001.

International border crossings decreased during the first 8 months of 2002, but increased in September through December over the same months of 2001.

Compared to the same months in 2000, total border crossings were down by 14% in October 2002, by 9% in November 2002 and by 9.5% in December 2002.

The fact that border crossings in the fourth quarter 2002 were 12.7% lower than in the fourth quarter 2000 indicates that while tourism may be on the rise in Ontario, further efforts are required to attract the international market to levels reached prior to September 11, 2001.

Note: Comparing 2002 border crossings to 2000 provides a more accurate indication of the trend of international visitation in Ontario, than comparing to border crossings in 2001 which is heavily influenced by September 11, 2001.

International (Int'l) Border Crossings into Ontario 2002 Percent Change Over Same Period of 2001				
	Oct. 2002	Nov. 2002	Dec. 2002	Total 2002
Total U.S.	28.3%	10.7%	6.2%	-6.7%
Total Overseas	15.8%	22.2%	13.6%	-6.2%
Total Int'l	27.4%	11.2%	6.6%	-6.7%
Overnight U.S.	18.6%	9.8%	4.5%	3.0%
Overnight Overseas	13.7%	20.8%	13.4%	-4.6%
Total Overnight Int'l	17.1%	11.3%	6.1%	1.7%

Source: Statistics Canada

Ontario's Travel Price Index: Cost of goods and services up in the fourth quarter and 2002 overall

Ontario's TPI increased by 4.3% in the fourth quarter of 2002, over the over the same period of 2001, but decreased by 4.2% over the third quarter of 2002. This means that the same amount of travel-related goods and services in Ontario cost 4.2% less in the fourth quarter of 2002 than in the third quarter. Ontario's TPI increased by 2.9% in 2002 as a whole over 2001, meaning that travel-related goods and services cost 2.9% more in 2002 than in 2001.

The United States' TPI was negative in 2002 (-0.3%), with the cost of travel lower than in 2001.

Provide us with your feedback! Visit
www.tourism.gov.on.ca

Also, visit our web site for information on the industry's current performance, as well as historical trends and statistics.

Ontario Tourism Facts & Figures

1-800-ONTARIO: Year ends on positive note, overall down in 2002

Total inquiries to 1-800-ONTARIO increased by 12% in October, November and December 2002 over fourth quarter 2001, following two consecutive quarters of decreases in inquiries to 1-800-ONTARIO.

Total inquiries in 2002 (398,000 calls) decreased by 17% over 2001 (479,000 calls).

Ontario Travel Information Centres: Visitors and Inquiries remain down

Total visitors to Ontario's Travel Information Centres (TICs) were down by 2.3% in the fourth quarter of 2002 over the same period of 2001.

Compared to the fourth quarter of 2001, total visitors were up in October 2002 by 4.5%, but down by 9.0% in November and by 6.0% in December.

Ontario's Tourism Outlook: Improvements in 2002 and beyond

2003 Quarterly Tourism Forecast

The Ministry of Tourism and Recreation Forecasting Model predicts that the total number of visitors to Ontario will increase by 3.4% in the first quarter and by 6.7% in the second quarter of 2003 (over the same periods of 2002).

The international market is expected to remain below 2002 visitation levels in the first quarter of 2003 (U.S. -2.7%, overseas -5.1%). Increases are expected the second quarter of 2003 over the same period of 2002 (U.S. 8.5%, overseas 19.2%).

The domestic travel market is expected to improve by 5.8% in the first quarter of 2003 and by 5.5% in the second quarter of 2003 over the same periods of 2002. This represents an overall increase of 5.6% in the first six months of 2003.

2002 - 2006 Tourism Forecast

Growth in the number of visitors to Ontario is expected to increase by 2.9% in 2002 over 2001 (actual data for 2002 will be available in the fall of 2003).

Strong year-over-year growth is expected for the period 2003 to 2006 as shown in the graph to the right.

Special Topic:

The Economic Importance of Tourism in Ontario, 2001

Ontario has Canada's largest tourism industry and is the major gateway to Canada. In 2001, Ontario accounted for 43% of Canada's total visitors and 37% of Canada's tourism revenues.

Tourism is an important industry within the Ontario economy, contributing \$7.4 billion to provincial Gross Domestic Product in 2001.

Ontario's tourism industry is extremely diverse, made up predominantly of small to medium sized businesses. In 2001, 19% of Ontario businesses (149,202 businesses) provided tourism-related products and services.

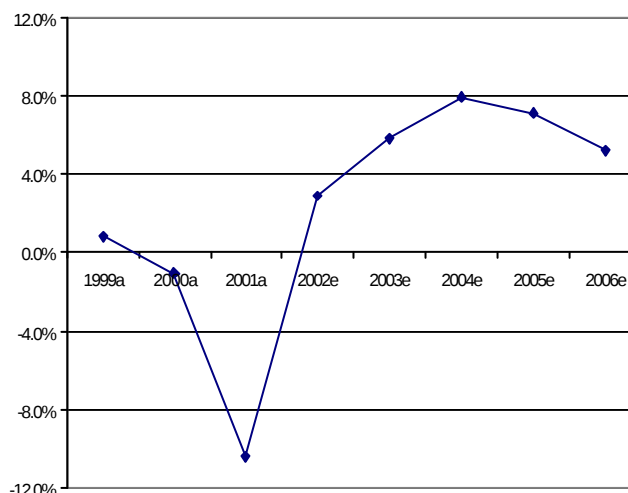
Ontario's tourism industry is an important generator of jobs, tax revenues and export dollars. In 2001, the tourism industry:

- generated for \$15.7 billion in visitor expenditures, spent by 103.8 million visitors. In addition, Ontario residents spent a total of \$3.7 billion on Canadian carriers to travel outside the province.
- provided 262,000 direct jobs and an additional 227,000 indirect and induced jobs, representing 8% of Ontario's employment.
- generated \$8.9 billion in taxes, \$3.1 billion of which was provincial tax revenue.

Tourism was Ontario's 7th largest export industry, bringing into the province \$7.3 billion in foreign exchange.

***Please see our web site at www.tourism.gov.on.ca for more information on the economic importance of tourism.*

Forecasted Growth in Total Visitors To and Within Ontario
1999-2006



What's New in Research?

New Publications and Studies

Ontario's USA Travel Market 2001 and **Ontario's Overseas Travel Market 2001** reports will be available on our web site at <http://www.tourism.gov.on.ca/english/tourdiv/research/surveys.html> in March 2003. These reports provide information on travel by U.S. and overseas residents to Ontario, including details on the volume of travel and expenditures by international residents travelling in Ontario and their related travel behaviour. Hundreds of pages of data for your own analysis from the International Travel Survey. If you encounter any problems please contact Min Yan at (416) 325-6057 or min.yan@mczcr.gov.on.ca. The **MTR bi-annual tourism industry forecast** is available on the MTR web site at www.tourism.gov.on.ca.

The **Ontario Tourism Investment Climate Study** identifies factors impacting decisions regarding investment in Ontario tourism. The study outlines the type of investment financing employed by the tourism sector, assesses Ontario's competitive strengths for tourism attraction and trends in tourism investment over time and their likely impact on tourism investment in Ontario. The study identifies the composition of Ontario's tourism investment community and identifies options for government to encourage tourism investment. For further information, contact Janet Gates at 416-325-4630 or janet.gates@mczcr.gov.on.ca

The **Study of Funding in Support of Ontario's Tourism Festivals & Events** identifies private and public sector support to Ontario's festivals & events, determines the importance of this support to the success of festivals and events, assesses the variance in funding between types of festivals and events, and identifies current trends and their possible outcomes of financial support for Ontario's festivals and events. For further information, contact Yann Girard at 416-326-9765 or yann.girard@mczcr.gov.on.ca

The following new **Travel Activities and Motivations Survey** studies are available on our web site at <http://www.tourism.gov.on.ca/english/tourdiv/research/tams.html>:

The Opera Market of the Toronto-Hamilton-Oshawa region: Now and Then. This report presents a profile of the opera market in the Toronto-Hamilton-Oshawa area at the end of 1999 and some estimates on how this market will change in 2026.

The Market for Live Theatre in the Toronto-Hamilton-Oshawa region: Now and Then. This report presents a profile of the live theatre market in the Toronto-Hamilton-Oshawa area at the end

of 1999 and some estimates on how this market will change in 2026.

The Travel Patterns of Ontario's Population Segmented into Demographics Groups: Now and Then. This report examines the travel patterns of Ontario's residents (at the current population and projected to 2026) segmented according to the characteristics of their lifecycle stage and the factors that affect these patterns.

The Canadian Tourism Commission (CTC) produces several new studies every month such as **Warming Up to Winter Tourism: A Product Development Strategy**. Check the "What's New" section of the CTC web site regularly for updates at www.canadatourism.com.

Upcoming Conferences

The Conference Board of Canada will be hosting the following conference. Please visit www.conferenceboard.ca for more information):

Focusing on Innovation: Creativity and Capacity Building and a National Innovation Update will be held April 7 and 8, 2003 at the Marriott Hotel in Toronto. Please visit www.conferenceboard.ca for more information.

The **Canadian Marketing Association** holds several monthly seminars on different aspects of marketing. For more information please visit www.the-cma.org.

The **American Marketing Association** also holds many seminars that may be of interest, such as **Marketing Boot Camp**. Several sessions are held around the USA each month. Please see their web site at www.ama.org for more information on the wide variety of seminars and conferences offered through this organization.

The **Tourism Federation of Ontario** will be holding their fifth annual industry-wide tourism forum on March 25-26, 2003 at Casino Rama, Orillia. Arrive a day early (March 24) and attend three other events happening at Casino Rama - **The Ontario Accommodation Association's Mini-Convention and Annual Meeting**, **Resorts Ontario Spring Conference and Annual Meeting**, and the **fourth annual Super Accommodation eXhibition**. Please contact Bruce Gravel at (705) 745-4982 for more information on any of the above events.

The Strategy Institute is hosting a one-day conference on April 30, 2003 in Toronto at the Four Seasons Hotel on the new **Toronto Official Plan – What's Next? An Industry Perspective**. For more information call (416) 944-8833.

Useful Web Sites

Ontario Ministry of Tourism and Recreation - www.tourism.gov.on.ca

Ontario Tourism Marketing Partnership - www.tourismpartners.com

Canadian Tourism Commission - www.canadatourism.com

Statistics Canada - www.statcan.ca

TTRA Canada - www.ttracanada.ca

TTRA International - www.ttra.com

Tourism Research Links - www.waksberg.com

Tourism Research Exchange - www.trex.uwaterloo.ca

World Tourism Organization - www.world-tourism.org

US Department of Commerce, Tourism Industries - tinnet.ita.doc.gov

Tourism Branch
Ontario Ministry of Tourism and Recreation
700 Bay Street, 15th Floor
Toronto, ON M7A 2E1



Questions? Suggestions?

Please contact Larissa Deneau at (416) 325-8287 or via email at larissa.deneau@mczcr.gov.on.ca