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OVERVIEW OF 2003 TOURISM ECONOMIC RESEARCH

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report, March 9, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council highlights of the travel analysis and statistical research data demonstrating the economic impact of tourism in York Region during 2003.

3. BACKGROUND

The impact of SARS on the tourism industry during 2003 was very significant. Statistics Canada has recently released the results of tourism research for 2003.

This research provides the York Region perspective of the current markets, economic impact and characteristics of tourism visits based on the most recent information (2003 data) provided by the Statistics Canada's Canadian Travel Survey and the International Travel Survey made available by the Ontario Ministry of Tourism and Recreation.

The Canadian Travel Survey is a monthly telephone survey among Canadians capturing the previous month travel for all overnight trips and same-day trips of 40km or more one way from home among Ontario residents (other than for work purposes) and 80km for all other Canadian travellers.

The International Travel Survey is a self completion survey distributed at ports of entry for completion by U.S.A. and Overseas visitors to Canada at the end of their trip and is supplemented by exit surveys administered by interviewers in airport exit lounges.

The research project "An Overview of Tourism in York Region" for 2003 prepared by Research Resolutions & Consulting Ltd. is included as *Attachment 1*. The report will be available on the tourism web site (www.yorktourism.com) and hard copies will be available through the tourism office.

It is anticipated that the 2004 Statistics Canada Research data should be available for analysis in 2005.

4. ANALYSIS AND OPTIONS

4.1 Research Findings

In 2003, there were 2.5 million visitors to York Region spending \$184 million dollars on touristic activities. The SARS outbreak, economic slow down and world events factor into the approximate 8% decline to total tourism volume experienced between 2002 (2.8 million visitors) and 2003. Although total visitation declined, visitor spending increased about 7% to \$184 million in 2003 from \$172 million in 2002.

These visitor trips were made for a wide variety of purposes, including visiting friends and relatives, business or pleasure and involve same-day and overnight stays in York Region.

Same-day traffic represents approximately 1.9 million of the total visits (a 8% decline from 2.0 million in 2002) and overnight traffic represents 661,000 visits in 2003 (a 7% decline from 714,000 in 2002).

The relatively better performance of York Region's tourism industry in 2003 compared to the Provincial and Toronto data tends to indicate that the Region's tourism efforts combined with Regional Council's additional funding support for a SARS recovery program were successful given the global competitiveness and soft market conditions.

4.1.1 Visitation and Revenue Overview

Consistent with other counties in Ontario, the domestic market is York Region's main source of tourism volume and revenues. From the total 2.5 million visitors, approximately 2.4 million came from Ontario and other parts of Canada representing \$118.1 million in spending. Americans account for 118,000 visits spending \$32.7 million and Overseas travellers account for 44,000 visits spending \$33.2 million.

York continues to attract a high proportion of same-day traffic, 1.9 million visitors. The reason for this is because of the short distance minimum used by the province to define same-day trips (40km one-way-excluding work purposes) and the Region's proximity to the GTA. The value of these visitors cannot be underestimated though, as same-day visitors contributed more than one-quarter of all tourism spending in the Region (\$53.1 million).

Total overnight traffic represents 661,000 visits, spending \$131 million of which Ontario residents are a primary source (514,000 overnight visits). Although, total American visitation declined in 2003, the American overnight market increased marginally to 96,000 in 2003 (a 2% increase over 2002). On average, the Canadian overnight visitor

stayed 2.1 nights, Americans stay just over 3 nights and Overseas tourists tend to stay about 16 nights.

The following matrix highlights comparative patterns of tourism activity in York Region for the past 3 years.

TOURISM IN YORK REGION	2001	2002	2003
Total Visitation	2.1M	2.8M	2.5M
Same-day Visits	1.6M	2.0M	1.9M
Overnight Visits	565,000	714,000	661,000
Total Spending	\$152M	\$172M	\$184M

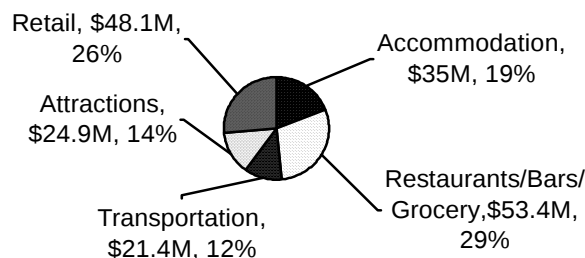
Source: 2001, 2002, 2003 Statistics Canada Data – Canadian Travel and International Travel Survey

4.1.2 Economic Impact and Job Creation

With the increase in visitor spending, the estimates for GDP, labour income including wages, jobs and taxes retained in York Region are marginally higher in 2003 than in 2002.

Visitors to York Region spent approximately \$184 million on tourism activities and services benefiting many sectors of the local economy. The spending contributes to the accommodation sector (\$35 million or 19%); restaurants, bars and grocery stores (\$53.4 million or 29%); transportation (\$21.4 million or 12%) in public and private transportation expenses, attractions (\$24.9 million or 14%) and the retail sector (\$48.1 million or 26%).

Economic Impact \$184 Million



It is worth noting that the same-day market segment makes a substantive contribution to the financial health of businesses in York Region (accounting for \$13.6 million of the \$24.9 million spent on recreation and entertainment).

Tourism spending produced 2,500 regional jobs and a further 474 that benefited other parts of Ontario, for a total of almost 3,000 jobs. These jobs generated \$94.3 million in wages and salaries province wide with over three-quarters of this amount or \$73.1 million being retained in York Region.

Visitor spending of \$184 million generated a \$136.7 million in total economic activity (GDP) in York Region and an additional \$33.6 million that benefited economies in other parts of the province. It generated \$80.7 million in taxes for all levels of government. These taxes included \$5.8 million at the municipal level, \$34.9 million in taxes at the provincial level and \$40 million at the federal level.

4.1.3 Ontario and Toronto Visitation Comparisons to York Region

Ontario Overview

Due to SARS and other world activities, preliminary Ministry of Tourism and Recreation forecasts indicated generating tourism revenues and rebuilding tourism confidence would be challenging in 2003. Saying that, York Region was more successful than Ontario overall in retaining visitors between 2002 and 2003. The total number of visitors to Ontario in 2003 was 114.9 million (-12% over 2002), while visitor expenditures were \$15.8 billion (-12% over 2002). Ontario received 1.6 million Overseas visitors (-23% decrease over 2002). US visitors to Ontario were 22.0 million (-26% over 2002) and domestic visitors decreased by 10% to 91.3 million.

The Province of Ontario as a whole experienced a 10% decline in the number of same day visitors compared to an 8% decline in York Region's same-day traffic. The decline in overnight visitors was twice as high for the Province (-14%) as it was in York Region (-7%).

The Ministry of Tourism and Recreation report on the Ontario's Domestic Travel Markets for 2003 is providing a comprehensive overview of the importance of the domestic market (same-day, overnight and the visiting friends and relatives) to the Province as a whole is available on www.tourism.gov.on.ca.

Attached is the "What's Wrong with Ontario's US Travel Market" report provided by the Ministry of Tourism & Recreation which provides observations on the decline and opportunities for this key international marketing for York Region. *Attachment 2*.

Toronto Overview

This was also a challenging year for tourism into Toronto. In 2003 Toronto received 17 million visitors (-10% over 2002) with \$3.7 billion in visitor spending in 2003 (-11% over 2002). Toronto received 9 million overnight visitors in 2003 (-11% over 2002).

spending \$3.2 billion (-12% over 2002). Refer to *Attachment 3* for the 2003 Key Facts based on TEAM economic impact estimates published by the Toronto Convention and Visitors Association (Tourism Toronto).

SARS dealt a significant blow to the hospitality and tourism businesses province wide. While improvement is expected, the future outlook is that the tourism industry will continue to face several barriers hindering recovery. Barriers include the decline of USA travellers, border crossing delays, high gas prices, the strong Canadian dollar, growing competition from other tourism destinations and the consumer perception of boredom and burnout of Ontario/Toronto as a tourist destination. The challenge will be to avoid a fragmented marketing approach and work together as partners to strengthen the industry sector and raise York Region's tourism profile.

4.2 Relationship to Vision 2026

The economic impact from the tourism sector supports the "Vibrant Economy" section and in the "Enhanced Environment Heritage and Culture" section of Vision 2026.

5. FINANCIAL IMPLICATIONS

The cost for Research Resolutions & Consulting Ltd., to produce the 2003 tabulations and prepare the report is included in the 2005 Economic Development Operating Budget.

6. LOCAL MUNICIPAL IMPACT

By attracting visitors to the region, area municipalities obtain revenues across a variety of economic sectors including accommodation, restaurants, grocery stores, transportation services, attractions, events and retail. Visitors to York Region spent \$184 million on tourism activities and services in area municipalities generating about \$136.7 million in GDP (an increase of about 5% over 2002) and produced 2,500 regional jobs. These jobs generated \$73.1 million in wages and salaries, and \$5.8 million in municipal taxes.

Tourism serves as a catalyst for developing and promoting the history, culture, nature and recreational experiences that sustains and grows municipal businesses within tourism and other related industry sectors. Increasing awareness of the quality of life and the visitation appeal through tourism attributes contributes to generating revenues and stimulating interest among potential employees and investors for area municipalities.

7. CONCLUSION

In 2003 York Region experienced less tourism visits than the previous year due to SARS and other uncertainty affecting the global tourism industry. However, despite a decline in

overall numbers, visitor spending increased 7% from \$172 million in 2002 to \$184 million in 2003.

York Region is primarily a same-day destination with visiting friends and relatives as the primary purpose for visiting the Region. Similar to Ontario, the domestic Ontario market is a primary feeder market.

Tourism generated about 2000 direct jobs and about 490 indirect jobs in the region resulting in approximately \$136.7 in GDP.

The relatively better performance of York Region's tourism industry in 2003 compared to the Provincial and Toronto data tends to indicate the successes of the Region's aggressive and targeted marketing efforts combined with Regional Council's SARS recovery initiatives.

The research findings also confirm that the Region has the potential to increase the economic impact from the tourism sector. Staff will work with tourism stakeholders to develop programs, partnerships and packages to continue to build revenues, market share and economic impact as outlined in the 2005 tourism marketing program. Staff recommends that this report and the attachment be received for information.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause were included in the Agenda for the April 6, 2005 Committee meeting.)