

2014

GATEWAY TO GROWTH

ANNUAL REPORT ON CANADIAN TOURISM:
FOCUS ON THE US MARKET



TOURISM INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION DE L'INDUSTRIE TOURISTIQUE DU CANADA





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EXECUTIVE SUMMARY

The Tourism Industry Association of Canada (TIAC) and HLT Advisory are pleased to publish this third edition of the Annual Report on Canada's Travel and Tourism Industry. In addition to reporting global and domestic statistics, the 2014 edition focuses on the United States; Canada's best customer, biggest competitor and a potential gateway to growth in international visitation through the promotion of bi-national travel.

Canada's travel and tourism industry is performing well, except against inflation. Revenues are fuelled by the strength of the domestic market accounting for over 80% of total demand and offsetting the continued struggle to attract international visitors. Annual receipts from overnight visitors to Canada grew by over \$700 million between 2000 and 2012, however when adjusted for inflation in 2007 constant dollars, the industry actually experienced a 25% drop in real value over that same period. According to the UNWTO, Canada received 16.6 million international visitors this year – an increase of 1.5% from 2012. Tourism is growing at a global annual rate of 5% and so too should Canada. With strong fundamentals such as modern infrastructure, exceptional experiences and a skilled workforce Canada is poised to succeed, if not for a few long-standing, yet fixable, public policy issues that serve to undermine Canada's global competitiveness.

Canada has a robust domestic market, so why are international visitors so important? The quick answer is money; they stay longer and spend more (travel is an important service export). However, the benefits reach further to create what we call the mobility economy. A recent Deloitte study states that for every 1% increase in international visitors, overall exports – that is exports in sectors outside travel – will increase by \$800 million. Furthermore, the mobility economy establishes international connections which help stimulate economic growth in other segments of the economy.

Americans are both Canada's most significant source market and the market with greatest growth potential. In 2012, three out of four visitors to Canada were American - while this is a remarkable statistic, it is also perplexing considering US arrivals to Canada have declined by 54% since 2000.

While the downturn is attributable to numerous economic and security factors, improved US economic conditions and record high passport ownership have created the perfect time to re-engage the US leisure travel market. To seize this opportunity TIAC is proposing *Connecting America*, a government co-investment in a strategically-designed and nationally-aligned marketing campaign.

GOAL 
REGAIN 2002 MARKET SHARE OF 28%
= 4.7M MORE US VISITORS
= 25% INCREASE IN CANADA'S OVERALL VISITATION

TIAC's goal is to reach the world average visitor growth rate of 5% - increasing American visitation will go far in helping us achieve it. If we are successful, by 2020 it could mean an additional \$5 billion in spending and \$1.7 billion in tax revenue. To meet this goal we must address the following issues:

- **MARKETING:** Strong national marketing campaigns work. *Connecting America* will have the most immediate and significant impact.
- **ACCESS:** Aviation costs and Visitor Documentation are some of the biggest barriers for travellers.
- **PRODUCT:** Tourism products that drive international visitation such as parks, festivals and attractions should be investment priorities.
- **PEOPLE:** Federal labour programs should reflect the unique nature of the industry.

SECTION 1

INTRODUCTION

In this third annual report on Canadian tourism and travel, we focus on some of the opportunities and challenges facing the industry. It's true that tourism is a remarkably resilient trade sector, a prolific job creator and a symbol of economic strength. Taken as a whole, Canada's tourism industry has performed reasonably well, but significant opportunities remain and concerns proliferate.

Consider the following:

- A healthy domestic tourism industry is good...and Canada's is very good, generating more than 80% of total visitor spending. But, a healthy international/inbound tourism industry is the key to reversing Canada's travel deficit (the second highest, on a per capita basis, of any developed country).
- International overnight visitation is off some 20% since the peak in 2002.
- Total spending by overnight visitors to Canada in 2012 was estimated to be \$12.271 billion compared with \$12.997 billion in 2000. However, if spending is displayed in 2007 constant dollars, the adjusted \$15.206 in 2000 becomes \$11.290 in 2012, a drop in real terms of about 26%.
- The United States market has been—and likely will be well into the future—Canada's primary visitor source market. Yet overall visitation from the US is down 54% since 2000 (a decrease of 71% in same-day travellers and 21% in overnight travellers).
- No definitive target or goal has been established to guide the industry, focus activities and/or gauge performance. The 2011 Federal Tourism Strategy set out several broad objectives but no targets. A 2013 report addressed performance against the Tourism Strategy objectives but again no mention was made of targets.

This last point, the absence of a definitive growth target for tourism—with a focus on international as opposed to domestic tourism—is a notable departure from many competitive destinations that have set out a specific visitation and spending goal.

While communication at the time, and subsequent to the release, of the 2009 Federal Tourism Strategy spoke to a target of \$100 billion in receipts by 2020, this goal:

- Focused on receipts as a measure as opposed to spending (i.e., receipts includes all travellers including students and people that travel for medical reasons);
- Did not contain any sub-goals (i.e., which countries were being targeted and goals for numbers of visitors from each); and
- Did not contain any measures by which to gauge the success of the industry (other than the overall receipts target).

In most cases, achievements against national visitor and visitor spending targets are widely communicated and/or affect future decisions (e.g., Brand USA's reinstatement and continue funding after the initial five-year trial)(Figure 1, page 5).

FIGURE 1

MEASURABLE GOALS FOR NATIONAL MARKETING ORGANIZATIONS

GOAL



To increase tourism receipts to US\$250 billion and visitors to 100 million by 2021.



Increase overnight tourism spend to \$140 billion (from a \$80.4 billion in 2013) by 2020.



To achieve EUR4.5 billion in revenue (EUR3.51 billion 2012) and 8.9 million visitors (7.3m 2012) by 2016.



Attract 40 million international visitors a year, spending £31.3 billion, by 2020. (In addition, Visit Britain has identified country-specific targets such as attracting 650,000 visitors and spending of £1.1 billion from China by 2020).

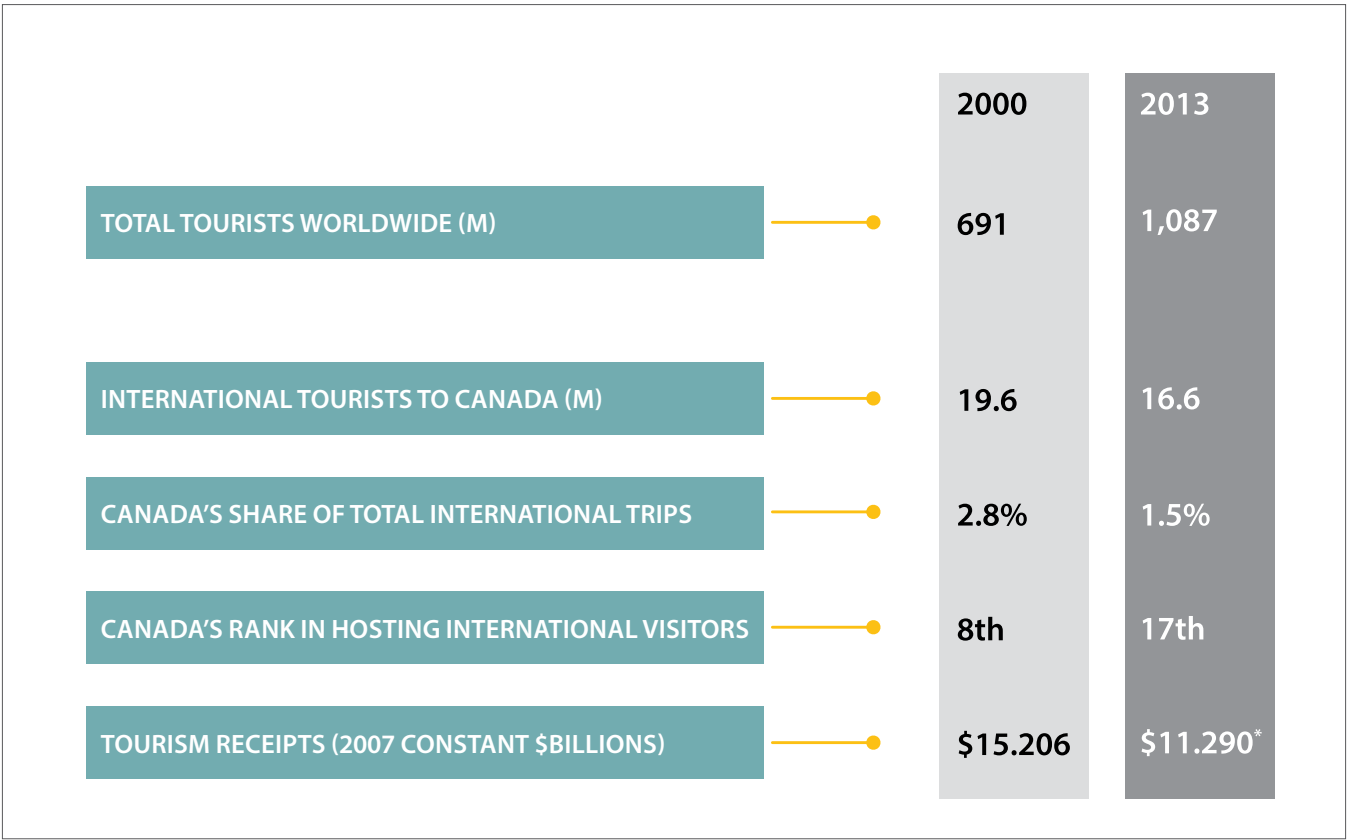
Given this backdrop, the third annual report on Canadian tourism not only provides a summary of key facts over the past year but also focuses on the United States as Canada's core market opportunity as well as addressing several key challenges including air access, the visa process, investment needs to improve tourism product and forthcoming human resources shortages.

SECTION 2

CANADA AND THE GLOBAL TOURISM ECONOMY

In an otherwise growing and resilient tourism economy, Canada continues to lose ground whether measured by aggregate number of visitors, international ranking, or market share (Figure 2). Most importantly however, is the decline—in real dollars—in tourism receipts, which have fallen some 26% between 2000 and 2012.

FIGURE 2
CANADA AND THE GLOBAL TOURISM ECONOMY



Source: UNWTO April 2014 Barometer
*2012 data (2013 data not yet available)

For Canada to thrive in the international marketplace, changes are necessary across a broad spectrum of activities.

INTERNATIONAL TOURISM CONTINUES TO GROW

Whether measuring visitation or receipts, international tourism continues to grow at a pace matched by few other sectors. The United Nations World Tourism Organization ("UNWTO") April 2014 Barometer report noted that:

- Growth in international tourism arrivals (overnight visitors) in 2013 over 2012 was 5%, pushing the total number of international tourists to 1.087 billion. In the first two months of 2014, international tourist arrivals continued to grow at the same pace, showing 5% compared to the same period last year.
- International tourism receipts also grew 5% in real terms (taking into account exchange rate fluctuations and inflation) to reach US\$ 1.159 billion.
- International tourism (travel and passenger transport) accounts for 29% of the world's exports of services and 6% of overall exports of goods and services.

The UNWTO's Tourism Highlights 2014 Edition also provides regional insights noting that North, Central and South America combined, received 5 million additional international arrivals in 2013 (+3%) for a total of 168 million. International tourism receipts in the region reached US\$ 229 billion, an increase of 6% in real terms. The region maintained a premium of receipts (20% share of total international receipts) over arrivals (15% share) reflecting product and service costs as well as currency strength. The largest sub region, North America, posted 3% growth, with the United States reaching 5%, Canada and Mexico posted about 1% growth in tourist arrivals.

Advanced economies generated 53.4% of all international arrivals in 2013 (up 5.4% over 2012) while emerging economies generated 46.6% (up 4.5 % over 2012).

BUT CANADA'S PENETRATION TO INTERNATIONAL MARKETS IS SHRINKING

Canada remains among the top twenty most visited countries. However, unlike perennial "Top 5" countries (such as France and the United States), Canada has fallen from 8th position in 2000 to 17th in 2013. The current positioning results from not only an increase in visitor counts among the most visited countries (i.e. visitation to the United States has increased 36% since 2000) but also Canada's reduced visitation (about a 15% decline over the same time period). Even if Canada's international visitation recovered to 2000 levels (i.e., 19.6 million), Canada would move up only one notch in the international rankings to 16th place (Figure 3, page 9).

INTERNATIONAL ARRIVALS - US vs. CANADA

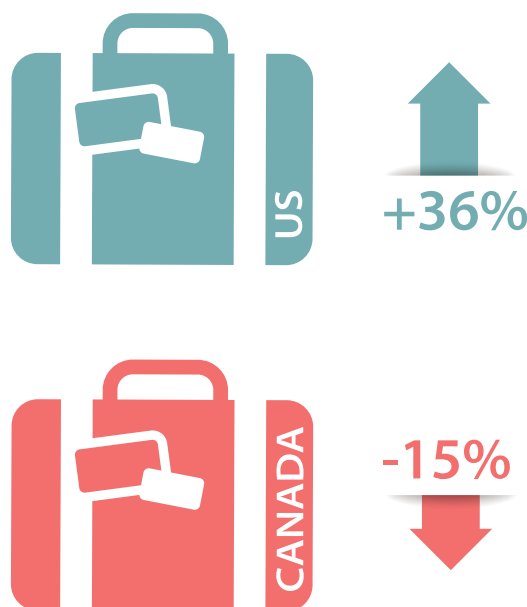


FIGURE 3
UNWTO WORLDWIDE VISITATION RANKING 2013 - VISITORS (M)

RANK	COUNTRY NAME	2000	RANK	COUNTRY NAME	2010	RANK	COUNTRY NAME	2013
	World	691.2		World	939.0		World	1,087.0
#1	France	77.2	#1	France	77.1	#1	France	83.0*
#2	United States	51.2	#2	United States	59.8	#2	United States	69.8
#3	Spain	46.4	#3	China	55.7	#3	Spain	60.7
#4	Italy	41.2	#4	Spain	52.7	#4	China	55.7
#5	China	31.2	#5	Italy	43.6	#5	Italy	47.7
#6	United Kingdom	23.2	#6	United Kingdom	28.3	#6	Turkey	37.8
#7	Mexico	20.6	#7	Turkey	27.0	#7	Germany	31.5
#8	Canada	19.6	#8	Germany	26.9	#8	United Kingdom	31.2
#9	Russia	19.2	#9	Malaysia	24.6	#9	Russia	28.4
#10	Germany	19.0	#10	Mexico	22.3	#10	Thailand	26.5
#11	Austria	18.0	#11	Austria	22.0	#11	Malaysia	25.7
#12	Poland	17.4	#12	Ukraine	21.2	#12	Hong Kong	25.7
#13	Greece	13.1	#13	Russia	20.3	#13	Austria	24.8
#14	Portugal	12.1	#14	Hong Kong	20.1	#14	Ukraine	24.7
#15	Malaysia	10.2	#15	Canada	16.1	#15	Mexico	23.7
#16	Bangladesh	10.0	#16	Switzerland	15.0	#16	Greece	17.9
#17	Turkey	9.6	#17	India	14.2	#17	Canada	16.6
#18	Thailand	9.6	#18	Singapore	14.1	#18	Poland	15.8
#19	Hong Kong	8.8	#19	Japan	13.2	#19	Macau	14.3
#20	Switzerland	7.8	#20	Netherlands	12.9	#20	Saudi Arabia	13.2
Total Top 20 Countries		465.5			587.1			591.7
As % of Total		67.3%			62.5%			54.4%











Source: UNWTO, World Tourism Barometer, April 2014 | Notes: Numbers represent international arrivals (excludes same-day travellers)

* France visitor number is for 2012

Another approach to evaluating Canada's position within the international tourism marketplace is to quantify Canada's penetration rate into the total number of outbound visitors from major visitor source countries (Figure 4). The Canadian Tourism Commission identifies Australia, Brazil, China, France, Germany, India, Japan, Mexico, South Korea as Canada's key overseas markets. Between 2000 and 2013 the outbound travel from each of these countries has increased (in cases like China and India the increase has been exponential).

However, Canada's penetration rate into outbound travellers from these major source countries (i.e., percentage of visitors attracted to Canada from total outbound visitation from each country) has decreased over the past decade in every key overseas market, except for China and Hong Kong combined (which has remained relatively constant).

FIGURE 4
MARKET PENETRATION: SHARE OF OUTBOUND TRAVELLERS WHO CHOOSE CANADA, BY COUNTRY

UK	GERMANY	INDIA	SOUTH KOREA
 2001 - 1.5% 2004 - 1.3% 2007 - 1.3% 2010 - 1.3% 2012 - 1.2%	 2001 - 0.5% 2004 - 0.4% 2007 - 0.5% 2010 - 0.5% 2012 - 0.4%	 2001 - 1.3% 2004 - 1.1% 2007 - 1.1% 2010 - 1.0% 2012 - 1.0%	 2001 - 2.6% 2004 - 2.2% 2007 - 1.6% 2010 - 1.4% 2012 - 1.1%
JAPAN	MEXICO	FRANCE	BRAZIL
 2001 - 2.8% 2004 - 2.6% 2007 - 2.0% 2010 - 1.5% 2012 - 1.3%	 2001 - 1.3% 2004 - 1.4% 2007 - 1.6% 2010 - 0.9% 2012 - 0.9%	 2001 - 1.9% 2004 - 1.6% 2007 - 1.3% 2010 - 1.8% 2012 - 1.8%	 2001 - 1.5% 2004 - 1.7% 2007 - 1.4% 2010 - 1.3% 2012 - 1.2%
AUSTRALIA	CHINA & HONG KONG	DESPITE GROWTH RATES IN THE 20% RANGE, WE HAVE NOT INCREASED OUR MARKET SHARE IN CHINA	
 2001 - 5.3% 2004 - 5.0% 2007 - 4.8% 2010 - 4.0% 2012 - 3.8%	 2001 - 0.3% 2004 - 0.2% 2007 - 0.2% 2010 - 0.2% 2012 - 0.3%		

The decrease in penetration is even more pronounced from the United States from about 25% of total outbound to less than 20%.

THE TRAVEL DEFICIT CONTINUES TO GROW

Canadians travel extensively within Canada as well as being among the world's most prolific international travellers, on both an aggregate and per capita basis. Canadians' tendency to travel internationally, coupled with declining international visitation to Canada, has resulted in a widening travel deficit that grew modestly between 2012 and 2013 from \$17.64 billion to \$17.96 billion but significantly more over the past decade (some \$15 billion).

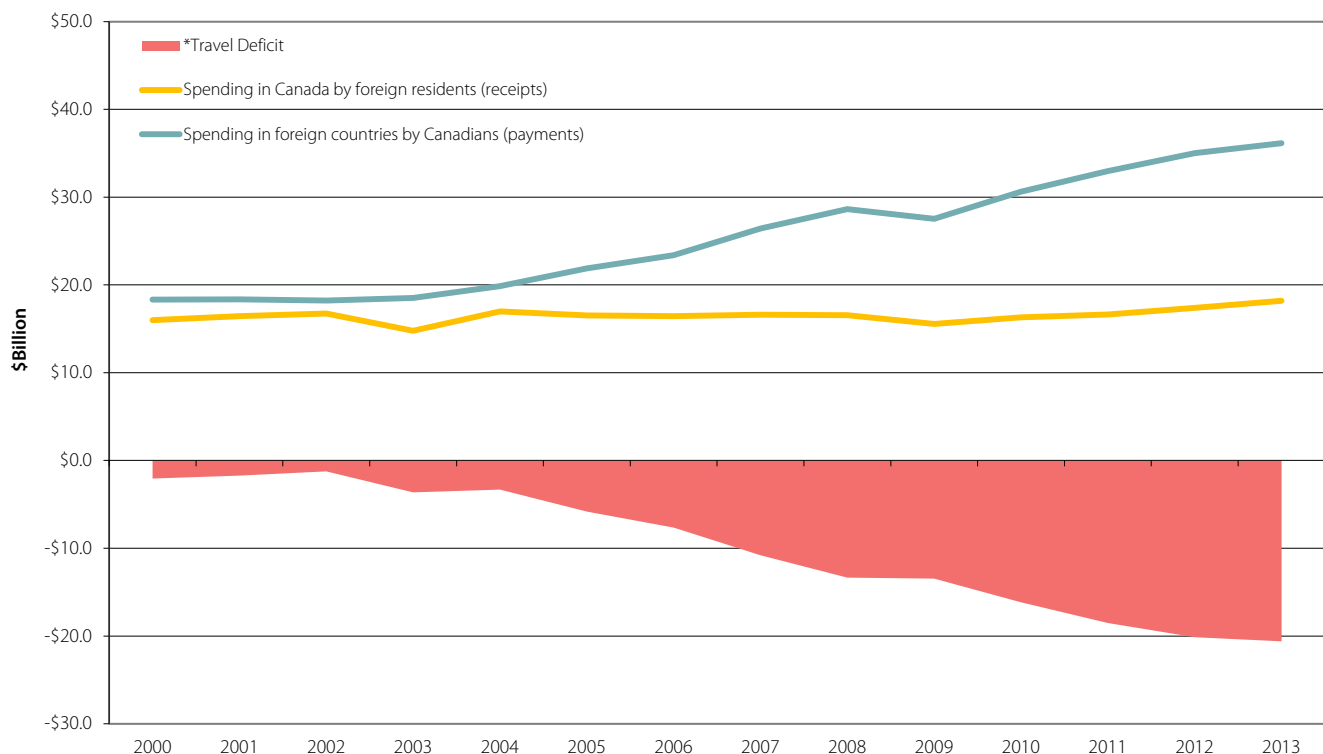
The travel deficit would have been substantially higher but for the way Statistics Canada counts travel receipts.

International students residing in Canada are counted as part of total travel receipts. International student spending in 2012 was \$4.3 billion, up from about \$900K in 2000. If student spending in 2012 was the same level as in 2000 (i.e., about \$900k) the travel deficit would exceed \$20 billion.

Within a decade, China has become the world leader in outbound tourism visits and spending surpassing Germany by more than 20% and accounting for 9.5% of total international spending. Future potential is evidenced by the Chinese per capita spending of \$75 being less than 10% of Germany's \$1,023 per capita spend.

Only Australians and Germans surpass Canadian international per capital visitor spending (Figure 6, page 12).

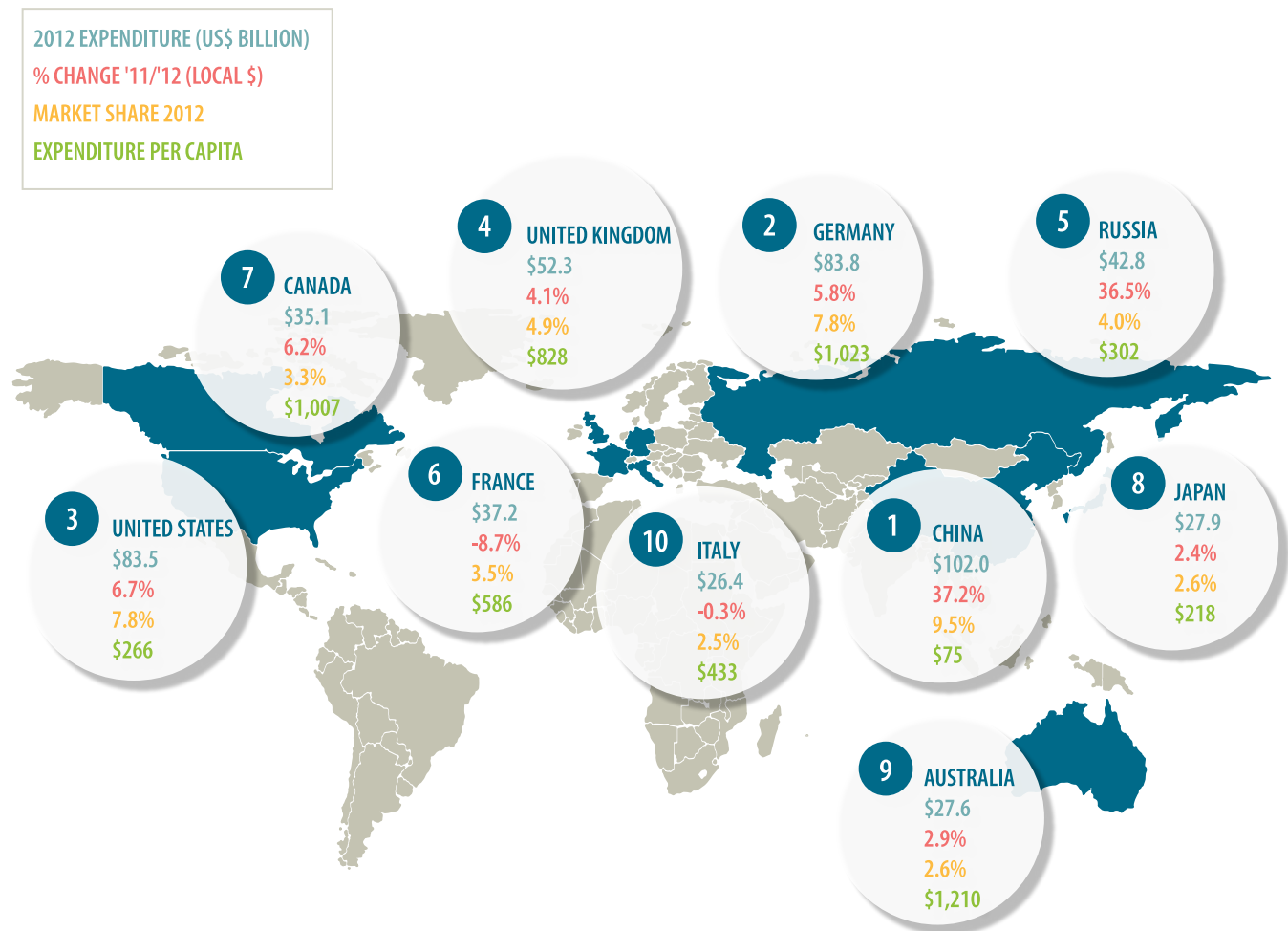
FIGURE 5
CANADA'S INTERNATIONAL TRAVEL DEFICIT



Source: Statistics Canada. Table 376-0108 - International Transactions in Services, by Category
*Travel deficit excludes receipts and payments from students, crew members and medical travellers

FIGURE 6

THE PERILS OF RELYING ON DOMESTIC TOURISM: TOP SPENDERS ON TRIPS ABROAD



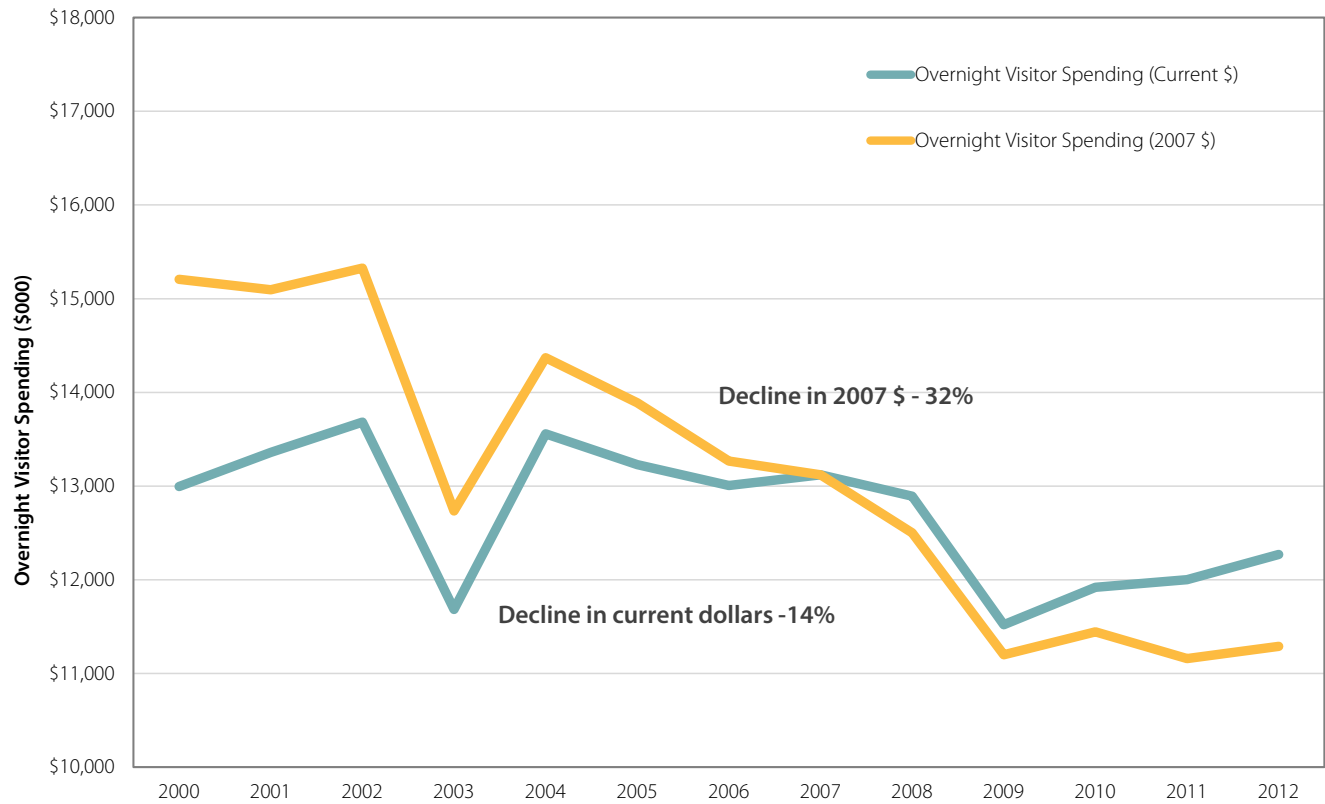
Source: World Tourism Organization (UNWTO), June 2013.

At \$1000/trip, Canadians spend disproportionately more on international travel than they do on domestic trips (\$260/trip)

- With the average international traveller to Canada spending more than twice the Canadian spend (\$768), it is imprudent to focus on the domestic market to the exclusion of international customers
- Canadians are some of the highest yield travellers on the planet. Our domestic industry is being targeted aggressively by other countries and will become a less reliable customer base for Canadian operators

A final cautionary note when looking at inbound visitation to Canada from international markets is the inflationary impact on travel receipts. Generally reported in current dollars, total spending by overnight visitors to Canada in 2012 was estimated to be \$12.271 billion (net of spending by students, air crew and medical visitors) compared with \$12.997 billion in 2000. However, if spending is displayed in 2007 constant dollars, the adjusted \$15.206 in 2000 becomes \$11.290 in 2012, a drop in real terms of about 26%.

FIGURE 7
OVERNIGHT VISITOR SPENDING (CURRENT DOLLARS VS. 2007 DOLLARS)



Source: Table 427-0005- Number of international travellers entering or returning to Canada, ITS historical (2000-2012) number of international traveler and spending and Bank of Canada Inflation Calculator

SECTION 3

OPPORTUNITIES IN THE US MARKET

As in so many areas of the international economy, the world's leading consumer market is the United States. While important as potential travellers to Canada however, the United States should be considered through at least three separate lenses, specifically:

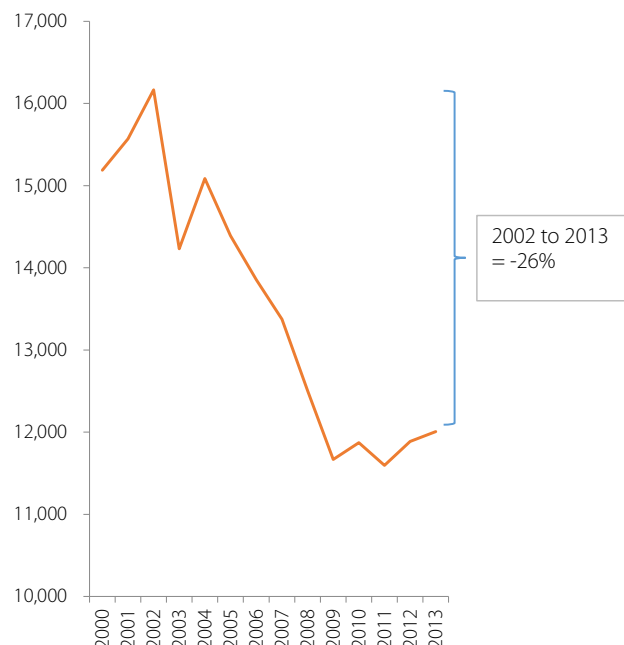


OPPORTUNITY: UNITED STATES AS CUSTOMER

Likely no trend line in Canadian tourism has generated as much negative impact—or discussion—as the significant decline in visitation from the United States. Whether same-day or overnight the decline has had far reaching impacts in most regions and for a majority of operators.

Overnight visitation is down 26% from 2002 to 2013 to just over 12 million. Same-day visitation has decreased from almost 29 million in 2000 to less than 8.5 million in 2013 (about 70%). The factors leading to this decline are both wide-ranging and well documented, and, although same-day is less lucrative than overnight travel, both speak to reduced awareness. The approach to rectifying the situation has been fragmented.

FIGURE 8
US OVERNIGHT VISITORS TO CANADA (000s)



Source: Statistics Canada - CANSIM Table 427-0004 & 427-0005 | Full data in Appendix

Twelve states consistently generate more than 70% of total US overnight visitation to Canada and 67% of all US visitor spending within Canada. Only four of those states (i.e., Michigan, Minnesota, New York and Washington) are border-states, debunking the myth that most US travel is of the short-stay, low-spend variety. Of these four, only Michigan's total spending remains significantly below that generated in 2000.

Variance of US Overnight Visitor Spending to Canada (2000 - 2012)

- Increase
- Decrease

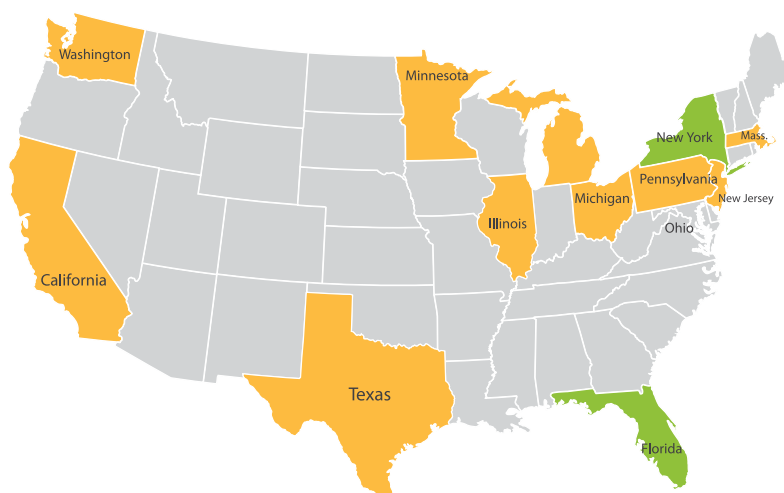


FIGURE 9
US OVERNIGHT VISITOR AND VISITOR SPENDING TO CANADA 2012

US STATE	TOTAL TRIPS	TOTAL NIGHTS	"NIGHTS/TRIP"	TOTAL SPENDING (\$)
New York	1,758	5,694	3.2	704,000
Michigan	1,111	2,865	2.6	368,000
Washington	1,296	4,288	3.3	505,000
California	783	5,150	6.6	593,000
Ohio	471	1,807	3.8	221,000
Massachusetts	542	2,281	4.2	239,000
Pennsylvania	471	2,068	4.4	240,000
Minnesota	360	1,697	4.7	224,000
Illinois	426	1,900	4.5	249,000
Texas	411	2,143	5.2	314,000
New Jersey	431	1,564	3.6	213,000
Florida	378	2,453	6.5	298,000
Total Top 12	8,438	33,910	4.0	4,168,000
% of Total US	71%	67%		66%

Source: HLT Advisory based on Statistics Canada, Tourism and the Centre for Education Statistics | Full data in Appendix

CONNECTING AMERICA

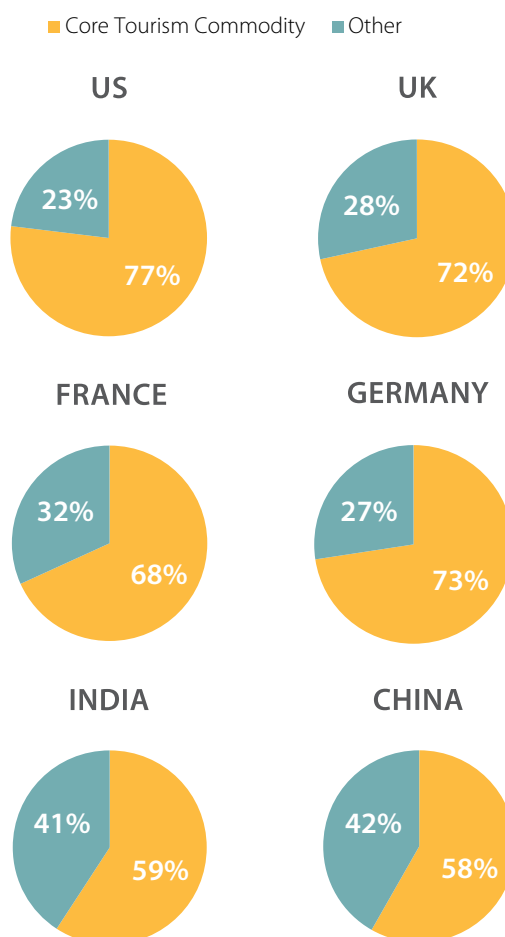
The *Connecting America* initiative addresses the opportunity to return to 2002 levels of visitation from these key visitor markets...and potentially expand these results for specific sub-markets. Year-over-year changes in US overnight visitation for the top twelve visitor-generating states are contained in the Appendix.

The importance of the American visitor is best demonstrated when looking at expenditure profiles of key international markets. Visitor spending data typically includes all amounts spent on lodging, food and beverage, recreation/entertainment, transport (i.e., travel within Canada on all forms of transportation but excluding airfares and other means used to get to Canada) and "other." Looking at the three primary tourism commodities (i.e., lodging, food & beverage and recreation/entertainment), American visitors spend more than any other market and far more than visitors from emerging markets such as India and China. The importance placed on American visitors by tourism businesses is evident from this spending profile.

While the total US outbound visitation has not varied in more than a decade the destinations selected have...and Canada has felt the greatest decline. At the high point of US overnight visitation to Canada in 2002, the 16.167 million American travellers visiting Canada represented almost 28% of total US outbound. The low point in 2009 saw the proportion of Americans travelling to Canada decline to about 18%. The 12.008 million American visitors to Canada in 2013 represented 19% of total US outbound visitation a decline of about 4 million since 2002.

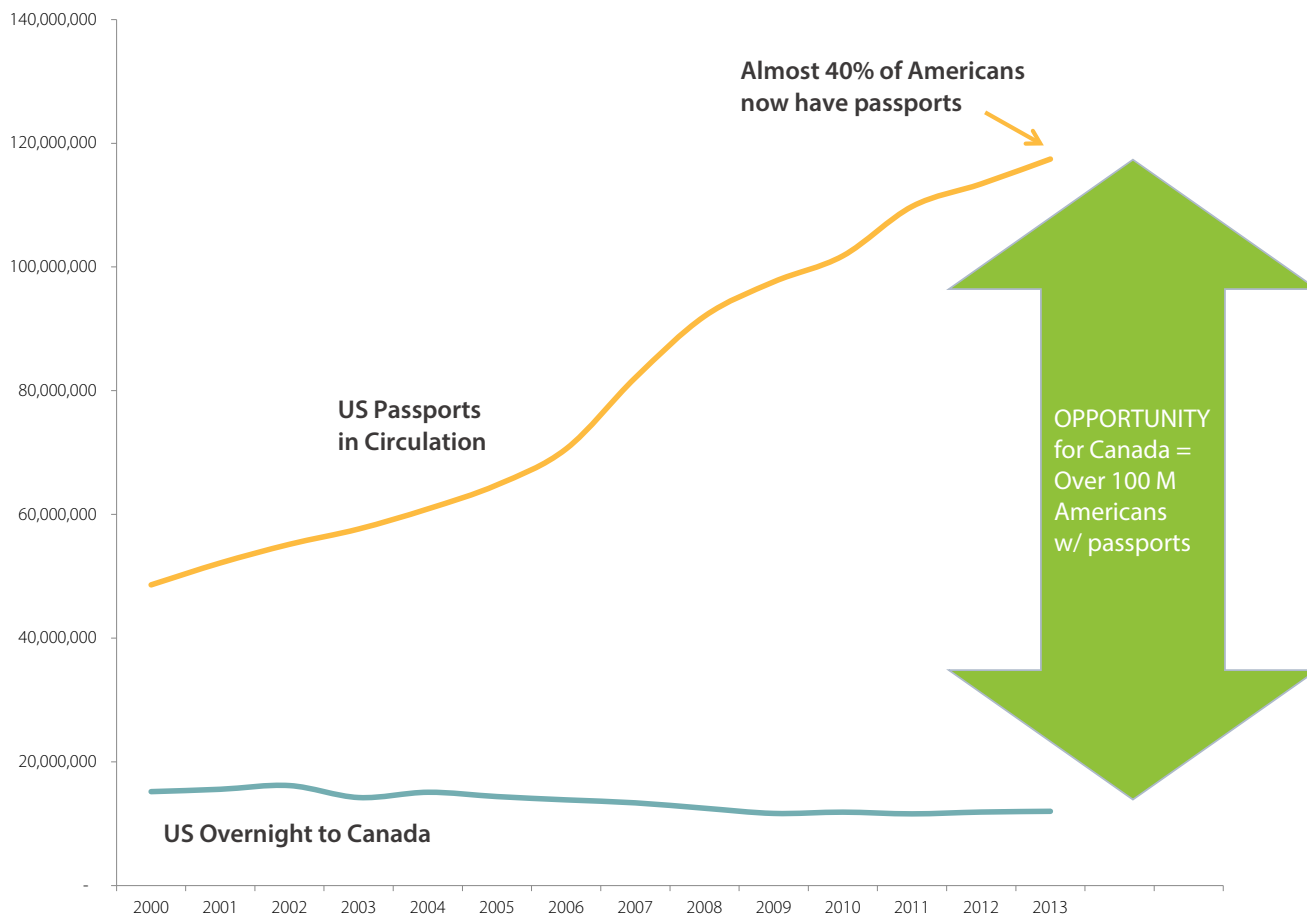
Since 2002, American visitation to Mexico has increased by almost 2.5 million, to Asia by about 1.0 million (China and India each about 500,000 trips per year), various Caribbean destinations to the tune of about 3 million, the Middle East by 1 million and 500,000 each to Africa and Central America.

FIGURE 10
SPENDING ON CORE TOURISM COMMODITIES 2012
(LODGING, FOOD & BEVERAGE, ENTERTAINMENT)



Source: Statistics Canada custom tabulation | Full data in Appendix

FIGURE 11
US PASSPORT OWNERSHIP



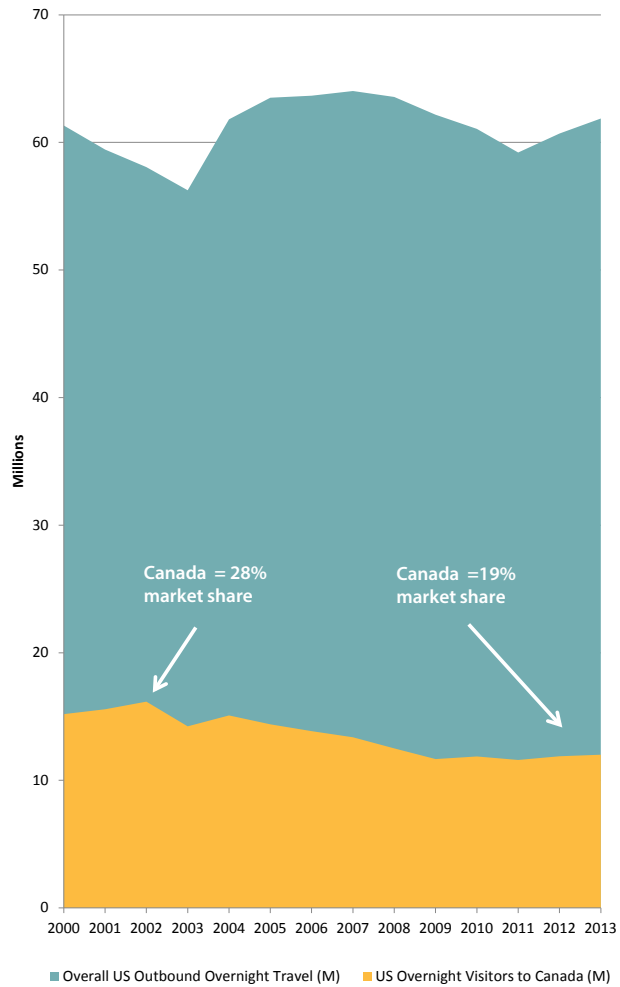
Source: The Bureau of Consular Affairs, US Department of State & US Census Bureau

Proximity to the Canada-US border is assumed to be a leading factor in generating much of the same-day travel to Canada. The Western Hemisphere Travel Initiative (“WHTI”) requirement that citizens traversing the Canada-US border carry a passport was seen as one key factor in the decline in same-day traffic. The WHTI also prompted a significant increase in the number of US citizens carrying passports, increasing from less than 20% in 2000 to almost 40% in 2013. By comparison, some 70% of Canadian citizens carry valid passports according to Passport Canada’s 2012-2013 Annual Report.

However, despite a 12% increase in population between 2000 and 2013, and more than double the number of American citizens carrying a passport, the number of international outbound travellers from the United States has not increased in 14 years.



FIGURE 12
US OUTBOUND VS. VISITS TO CANADA



Source: Statistics Canada, Table 427-0003 & Table 427-0004 - number of non-resident travellers entering Canada US & Oversea & The Office of Travel and Tourism Industries

GOAL

REGAIN 2002 MARKET
SHARE OF 28%

= 4.7M MORE
US VISITORS

= 25% INCREASE IN
CANADA'S OVERALL
VISITATION

But significant opportunity exists. The United States produces 60 million outbound visits a year from less than 40% of the population. Of which Canada is getting only 19%. Even if Canada recovered just the same penetration as achieved in 2002 (about 28%), the incremental of about 4.7 million visits would increase Canada's total international visitation by 25%.

A greater opportunity however, lies with those Americans that have not travelled outside the US since 2009 (full implementation of the WHTI passport requirement). For simplicity, assuming every one of the 61.874 million international visits taken in 2014 was taken by a single American (i.e., no one took two or more trips), some 255 million Americans did not travel outside the US, at least 50 million of which hold valid passports). For these "novice" travellers, Canada provides an ideal travel destination given proximity, familiarity and safety.

CHALLENGE: UNITED STATES AS COMPETITOR

The Travel Promotion Act of 2010 created Brand USA as the central tourism marketing entity for the United States. Brand USA's mission is to "encourage increased international visitation to the United States and to grow America's share of the global travel market. In doing so, we aim to bring millions of new international visitors who spend billions of dollars to the United States, creating tens of thousands of new American jobs."

Brand USA is funded through a unique structure whereby \$10 of the \$14 fee paid by eligible visitors to the United States under the Visa Waiver program ("ESTA") is directed to the Travel Promotion Fund. Brand USA is able to access up to US\$100 million of the Travel Promotion Fund annually but only if matching dollars are in place. Since inception, such matching funds have been made available every year providing Brand USA with a US\$200 million marketing war chest.

Despite placing second among the most visited countries for each of the last ten years, as well as posting a 36% increase in visitation since 2000, the US Travel Association ("USTA") referred to the 2000's as a "lost decade" in promoting the need to reauthorize Brand USA beyond its initial five-year term. The USTA believes that the United States "lost ground" by dropping from 17% of global arrivals in 2000 to 13% forgoing 59.5 million in overseas arrivals, \$511 billion in economic output and 1.4 million travel jobs. USTA goes on to suggest that "the same mistake not be made again" implying that the lack of a central and well-funded marketing entity, such as Brand USA, will hamper tourism growth. In July 2014, the House of Representatives passed *The Travel Promotion, Enhancement, and Modernization Act* of 2014 which will extend Brand USA efforts through 2020.

Brand USA's success through 2014, appears to have made the extension of the initial five-year authorization relatively straightforward. While anecdotal information pointed to early successes on a number of fronts since Brand USA's creation, a study by Oxford Economics quantified incremental visitors and visitor expenditures. The Oxford Economics study looked at a twelve-month period ended September 2013. The study identified 1.1 million incremental visitors who spent US\$3.4 billion as a direct result of Brand USA's efforts. This represents a 2.3% and 5% growth in visitation and spending respectively.

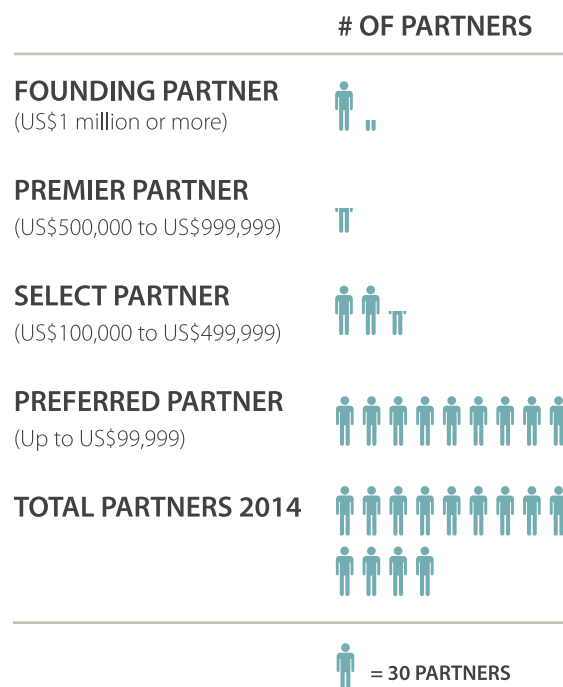
FIGURE 13
INCREMENTAL VISITATION AND SPEND
ATTRIBUTED TO BRAND USA EFFORTS
(12 MONTHS ENDED SEPTEMBER 30, 2013)

COUNTRY	VISITATION	VISITOR SPENDING (US\$ MILLION)
Canada	542,894	611
Japan	286,726	1,281
Australia	112,396	543
Brazil	83,484	434
UK	82,547	277
South Korea	44,924	149
Germany	37,496	138
Mexico	(47,283)	(33)
Total	1,143,184	3,400
% Change	2.3%	5.0%

Source: Oxford Economics "The Return on Investment of Brand USA Marketing - 2013 Fiscal Year Analysis", February 2014

Brand USA's unique funding mechanism has leveraged participation from a cross section of private enterprise, destination (and state) marketing organizations, e-commerce businesses and the like. Financial participation is significant as evidenced by the identification of funding partners in the 2014 Brand USA Business Plan.

FIGURE 14
PRIVATE SECTOR INVESTMENT SPARKED BY BRAND USA



Among the corporate entities supporting Brand USA's efforts to bring additional international visitors to the US are Air Canada (with a contribution of more than US\$1 million as a Founding Partner) and WestJet (in the US\$500,000 to US\$999,999 Premier Partner category).

A well-funded and focused Brand USA will not only provide Canada with formidable competition on the international front but could also chip away at the domestic travel market by offering compelling opportunities for Canadians to visit a range of US destinations. The interest shown by Canada's two largest scheduled airlines reinforces the potential for outbound travel from Canada.

OPPORTUNITY: TWO-NATION VACATION

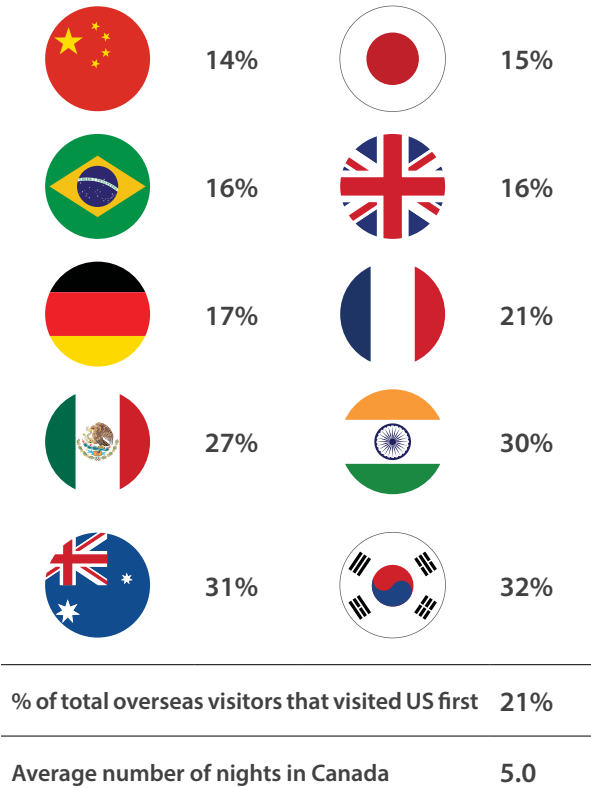
Customer and competitor yes, but could the United States be a partner in selling North America to international visitors? A number factors suggest some form of partnership could be mutually beneficial.

The non-North American target markets of the two countries are almost completely aligned, particularly on traditional high-volume markets such as the United Kingdom, Japan and Australia not to mention the main international target: China.

	
Australia	Australia (and New Zealand)
Brazil	Brazil
China	China (and Hong Kong)
France	France
Germany	Germany
India	India
Japan	Japan
South Korea	South Korea
United Kingdom	United Kingdom (and Ireland)

Two country visits are already occurring with some frequency. In fact, some 20% of all visitors to Canada entered the country via an initial stop in the US. (Data is not available on visitors that first entered Canada and then travelled to the US, so the number of two-country trips is actually larger than shown). This trend is more pronounced from some markets than others such as Mexico, Australia and South Korea.

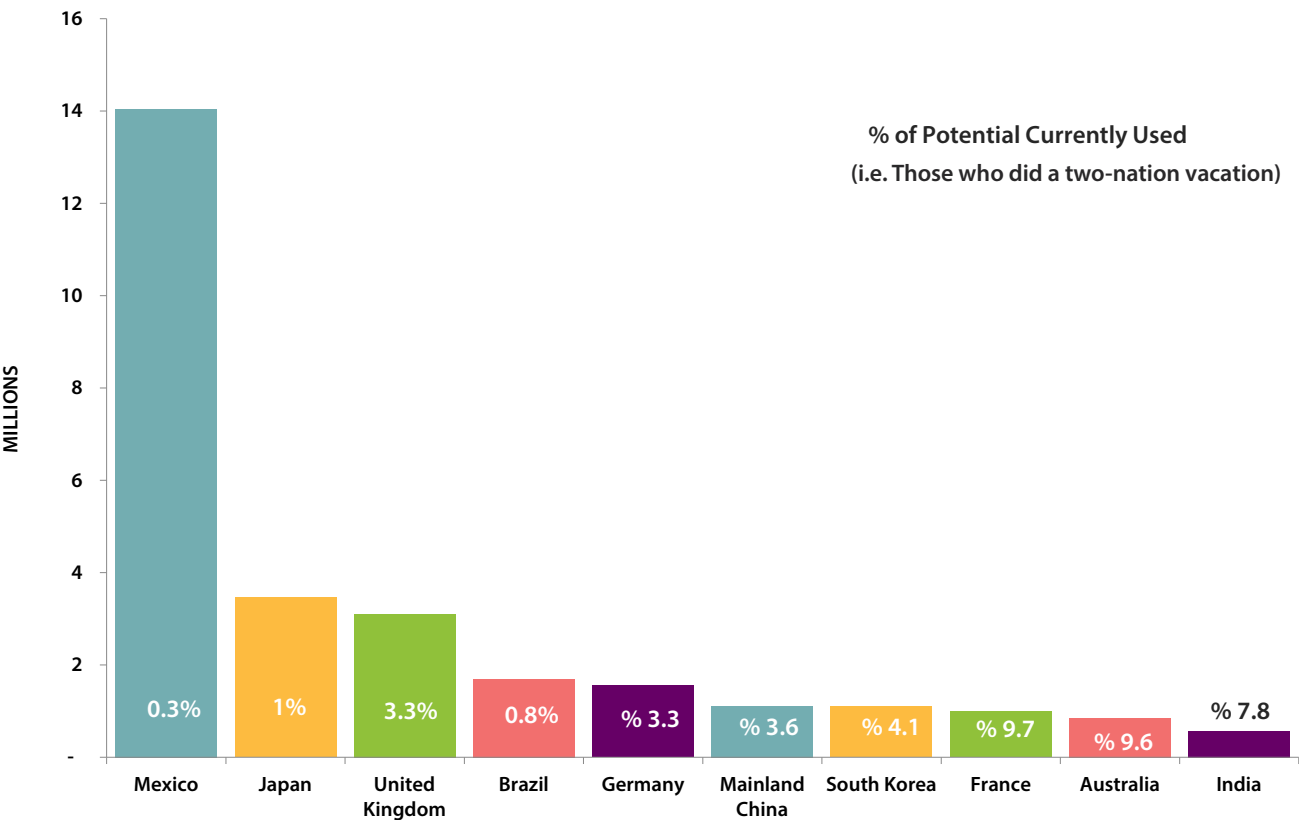
FIGURE 16
TWO-NATION VACATION:
% OF TOTAL VISITORS THAT VISITED THE UNITED STATES BEFORE ARRIVING IN CANADA IN 2012



Source: International Travel Survey, Statistics Canada
Note: No data is available for visitors that visit Canada first, then travel to the US
Includes same-day visitors

Presenting a common “Canada/US” travel option may have merit with some inbound markets given transportation linkages, similarity of certain product (e.g., aboriginal, mountain/ski, lakes/water activities, music), common language and (some) cultural resemblances not to mention the potential reciprocity of visa acceptance (as currently being discussed). If Canada and the US can integrate and streamline our visa process, Canada will be able to access those travellers who prefer to fly into cheaper US airports.

FIGURE 17
POTENTIAL MARKET FOR CANADA: VISITORS TO US THAT COULD BE TARGETED FOR A TWO-NATION VACATION



Source: International Travel Survey, Statistics Canada | Full Data in Appendix
* Includes same-day visitors ** Does not include those who visited Canada first then travelled to the US

**28 MILLION VISITORS ARE POTENTIAL
TWO-NATION VACATION VISITORS TO CANADA**

SECTION 4

ELIMINATING BARRIERS AND CHALLENGES

A number of challenges and barriers are impeding growth in Canadian tourism. TIAC continues to focus on a finite number of key issues, all of which were identified in both the first and second annual reports. Progress has been made on some fronts but much more is needed.

FIGURE 18

INTERNATIONAL MARKETING, ACCESS AND PEOPLE & PRODUCT



The following subsections address international marketing (with a focus on the United States market), people/labour issues, product reinvestment and access concerns including both costs of aviation and visa processes.

INTERNATIONAL MARKETING WITH A RENEWED US FOCUS: *CONNECTING AMERICA*

The most competitive travel destinations in the world have strong government support for marketing campaigns – while Canada has cut funding to the CTC by 20%. Canada needs to invest meaningfully in marketing support for this export powerhouse.

Improved international marketing (budgets, targets/goals, partners) is a key challenge but nowhere more so than the US market. US visitation to Canada has been on the decline since 2002. But changing habits of potential US travellers, notably significantly increased passport adoption, point to a renaissance of American travel. And Canada is a familiar, close, safe and cost effective destination to start. And current exchange rates can only be beneficial.

These factors have led to the *Connecting America* initiative, an industry-sponsored proposal for a new three-year coordinated, targeted and measurable tourism marketing co-investment initiative. This unprecedented CTC-lead campaign will energize the US consumer, utilizing existing air and ground access.

CONNECTING AMERICA

PROPOSED FEDERAL MARKETING INVESTMENT OF \$105M (3 YEARS X \$35M) WILL BE MATCHED 1:1 BY PROVINCIAL, LOCAL AND PRIVATE SECTOR INVESTMENT = \$210M CAMPAIGN OVER THREE YEARS

GENERATING \$210M IN FEDERAL TAX REVENUE ALONE

PROVIDING OR SUSTAINING OVER 6,000 DIRECT JOBS FROM COAST TO COAST

This initiative is consistent with two recent research efforts. First, a survey of Canadian tourism businesses (conducted by Nanos Research) that reported a majority of respondents identified the United States as their top international marketing priority, placing six times greater than the next second place market (China). As well, 54% of respondents chose the US as their top priority country for growth. The second study was completed by PhocusWright in which targeted opportunities were identified, through extensive consumer research, to the United States marketplace.

Connecting America will drive an estimated \$1.56B in incremental tourism revenue, 2.650M incremental visitors and sustain an additional 6,000 Canadian jobs over 3 years. This added demand is the impetus for investments in hotel real estate, product innovation, infrastructure renewal, additional flights and airlines to Canada and overall increased competition. These are all factors that drive real and sustainable economic development, jobs and prosperity for Canadians.

PRODUCT IMPROVEMENT

Strong growth in international visitation to Canada would almost certainly spur greater capital investment in tourism product, ranging from hotels to attractions to services. New product investment—and to a lesser but still meaningful extent, reinvestment in capital upgrades to existing product—is sporadic despite a few high-profile additions such as Ripley’s Aquarium of Canada (Toronto) and the Glacier Skywalk in Jasper National Park.

Hotel construction provides a consistent, year-over-year measure of demand growth albeit a combination of domestic and international travel. Comparison of recent construction activity in Canada to that in the United States provides additional insight into investor interest (Figure 19, page 25). The recent improvement in the strength of the US economy is reinforced by the pace of new hotel construction.

FIGURE 19

HOTEL PROPERTIES AND ROOMS--HISTORICAL NEW SUPPLY AND CONSTRUCTION PIPELINE (2011 - 2016)

	CANADA			UNITED STATES		
	Properties	Rooms	% Change	Properties	Rooms	% Change
2011 Actual	35	3,595		390	39,500	
2012 Actual	43	4,790	33.2%	441	46,711	18.3%
2013 Actual	38	3,797	-20.7%	507	55,812	19.5%
2014 YTD	32	3,719	-	321	35,791	-
2015 Projected						
Construction	19	2,363		355	48,371	
Final planning	23	2,282		661	67,935	
Planning	8	1,079		217	22,719	
Unconfirmed	-	-		11	1,307	
2016 Projected						
Construction	1	148		27	6,817	
Final planning	13	1,640		232	34,180	
Planning	19	2,311		414	45,840	
Unconfirmed	-	-		15	3,201	

Source: STR Global 2011-2014 YTD property and room counts include only new construction projects that opened during the specified time period

Future construction activity is even weaker in Canada, when compared to the United States. In 2015/2016 twenty projects currently under construction will add about 2,500 rooms to Canada’s hotel inventory compared with 382 projects and about 55,000 rooms in the US.

LABOUR SHORTAGES

The Canadian tourism industry is directly and indirectly responsible for 1.7 million jobs ...about 10% of the entire Canadian workforce. Statistics Canada's Provincial-Territorial Human Resource Module of the Tourism Satellite Account, 2012 estimates that nearly all job growth in the tourism industry was in full-time jobs with 33,000 such jobs were added in 2012. A few key facts about tourism employment:

- Youth are a significant component of the tourism workforce with 36% between the ages of 15 and 24.
- Immigrants comprise 24% of the workforce.
- Tourism jobs provide a broad range of flexible and seasonal job offerings for those seeking both full-time and part-time employment.

The title of a study prepared by the Conference Board of Canada for the Canadian Tourism Human Resource Council in 2012 encapsulates future challenges: The Future of Canada's Tourism Sector: Shortages to Resurface as Labour Markets Tighten. The report suggests that:

- Labour shortages will commence as early as 2013
- By 2030, the tourism sector will see a labour shortage equivalent to almost 228,500 full-year jobs

INCREASING THE RATE OF EMPLOYMENT OF ENTRY-LEVEL OCCUPATIONS AND ACCELERATING THE RATE AT WHICH IMMIGRANTS ENTER THE TOURISM WORKFORCE BY JUST 1% PER YEAR EACH OVER THE NEXT DECADE COULD ALLEVIATE UP TO 85% OF THE PROJECTED SHORTAGES.

The most acute labour shortages are expected in the food and beverage sector, followed by recreation and entertainment and then lodging and transportation.

These shortages reflect a need for a tourism-specific "stream" (similar to the Agricultural Stream) of the Temporary Foreign Workers Program. The Agricultural Stream allows employers to hire temporary foreign workers for up to 24 months but only in those circumstances where Canadian citizens and permanent residents are not available. Specific agriculture stream qualifications include applicability to specific commodity sectors and only for on-farm primary agriculture.

More than any other sector, the regional and seasonal nature of the tourism business requires foreign workers to fill short-term labour shortages when Canadians and permanent residents are not available or willing. The labour shortages in the sector are projected to get worse and cost Canadian businesses billions of dollars in lost revenue. While the sector has long since acknowledged that it is not the perfect solution, the Temporary Foreign Workers Program is one of the few tools tourism industry employers have at their disposal.

AIR ACCESS (SUPPLY, COST AND EFFICIENCY)

Even within North America, Canada's greatest visitor source opportunities are from "fly-in" markets. Plentiful, reasonably priced and efficient air access is a fundamental requirement for tourism growth in Canada, yet air access is less plentiful than required from some markets, less than efficient from most and too expensive from almost all.

ACCESS - Are there landing slots available? Over-crowding of airports in Brazil, USA and the EU undermine the unrestricted capacity promised by Open Skies agreements. Canada may not be able to obtain the same level of access in a partner country as an opens skies partner would get here.

COST - Canada's 136th place ranking among 139 countries on aviation cost, contributes to making international and trans-border flights to Canada prohibitively expensive. High costs are often cited as reasons for not entering the Canadian market by American carriers despite the liberalized ASA signed by the two countries. Discount airlines find the panoply of fees at odds with their pricing model and marketing approach.

Finally, the significant capital investment made in us-based border airports such as Bellingham, Washington and Ogdensburg, New York reinforces the challenge with air travel to and within Canada. Canadians choosing to add an extra one to two hours of car travel (each way) to the air portion of a journey—rather than using a Canadian airport—can be seen as the “canary in the coal mine” for Canadian air access.

EFFICIENCY - Traveller growth to Canada will continue to be stunted without action to facilitate passengers through border and security processes.

STREAMLINING THE VISA PROCESS

From the UNWTO to the OECD, more and more attention is being paid to the need for streamlined, more efficient and workable visa processing. In August 2013, the UNWTO released the Tourism Visa Openness Report: Visa Facilitation as Means to Stimulate Tourism Growth. The report noted that “In 1963, the United Nations Conference on International Travel & Tourism stressed the dependency of tourism development on the actions of governments, especially the facilitation of governmental formalities for international travel. Fifty years later, in November 2012, the UNWTO/ World Travel Market Ministers’ Summit in London concluded that visa processes and policies still present major barriers to travel and tourism. The Summit noted that restrictive visa-issuance policies and complicated entry formalities are still stifling tourism growth, particularly from emerging economies, which are also some of the fastest-growing source markets for tourism.”

The situation in Canada is no different, with Visa processing times still a significant problem. The work action during the summer of 2013 by the Professional Association of Foreign Service Officers created even greater delays...and reinforced how sensitive Canada's tourism industry is to visa application processes.

FIGURE 20
WAIT TIMES FOR VISITOR VISA (DAYS)

	US	CANADA	
	2014	2012	2013
BRAZIL			
Brasilia	2	No visa office	
Recife	1	No visa office	
Rio de Janeiro	3	No visa office	
Sao Paulo	2	14	22
CHINA			
Beijing	7	11	16
Chengdu	8	13	15
Guangzhou	5	No visa office	
Shanghai	5	No visa office	
Shenyang	5	No visa office	
INDIA			
Chennai	8	No visa office	
Hyderabad	9	No visa office	
Kolkata	2	No visa office	
Mumbai	3	No visa office	
New Delhi	9	3	14

Source: US Department of State - Bureau of Consular Affairs;
Citizenship & Immigration Canada RDIMS #13-0895

Although the United States is often regarded as one of the more protectionist countries with respect to issuing visas, American visa application processes are proving more efficient. The need for security screening of legitimate threats is understood but facilitation of international visitation can be accomplished while keeping Canadians safe by:

- Continuing to strive for clarity in the application process
- Ensuring new eTA rules help, not hinder visitor documentation process, including linkages onto the new passport
- Reinvesting processing fees for more Visa Approval Centres (VACs) and processing capabilities
- Waiving Visa requirements for Brazil and Mexico
- Continuing to investigate and expanding fast track and regional programs such as CAN +, reciprocal visa agreements with the US and Transit Without Visa
- Expanding current visa facilitation proposal for Pan American Games' athletes and families to all legitimate travellers from the Americas

- Traveller documentation processes need to be welcoming and easy to use
- The proposed electronic travel authorizations (eTAs) should be expanded to cover visa-required countries and replace the need for visitor visas in some cases
- The Transit Without Visa and the China Transit programs need to be expanded to help grow new routes to Canada
- New models are needed to ensure an appropriate level of service is provided at security screening

Much work remains to be done in Canada given the current ranking of 106 out of 140 countries in terms travellers requiring visas upon entry according to the World Economic Forum Travel & Tourism Competitiveness Index 2013.

SECTION 5

WHERE TO FROM HERE?

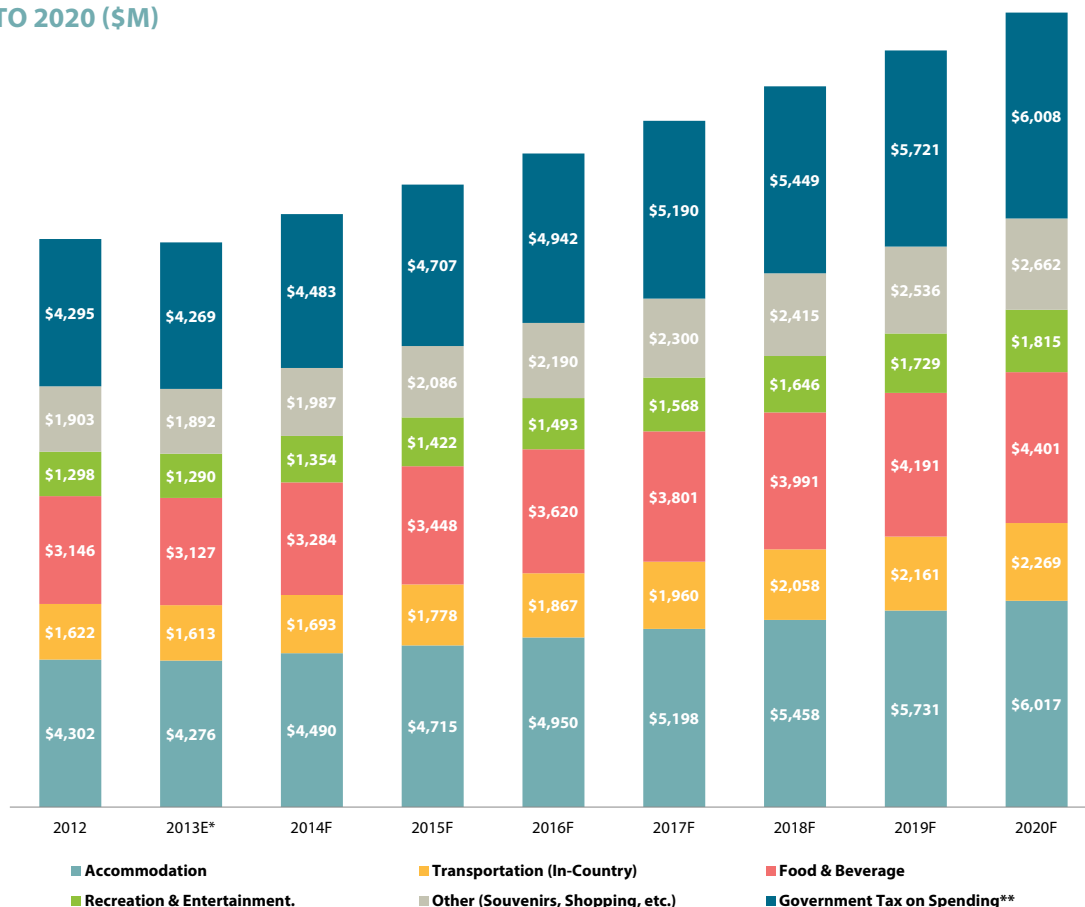
The 2013 Annual Report advanced the concept of an aggressive target for growth of international visitation to Canada. From this discussion grew the “5% Plan.” The Plan is a challenge to the industry to achieve 5% annual growth in international visitors to Canada, through the end of this decade. Growth of this magnitude would:

- Exceed the UNWTO forecasted growth rates for developed economies. However, given the decline in visitation to Canada over the past decade, growth at this pace is not unreasonable assuming the market focus and changes discussed above.

- Place Canada back at 2002 visitation levels by 2017, Canada’s sesquicentennial, and provide a basis for still further growth through the end of the current decade.
- Generate cumulative incremental visitor spending of almost \$5 billion by 2020 (in constant 2014\$).
- Create \$1.7 billion in incremental taxation revenue to all levels of government over the same time period.

Ultimately, the 5% plan would see total visitation increase to 22.3 million generating \$17.2 billion (in constant 2014 dollars) by 2020.

FIGURE 21
5% PLAN TO 2020 (\$M)



Spending by type was pro-rated using the breakdown of total reported spending by type | *Estimated using Statistics Canada total number of tourist from Table 427-0004 Number of international tourists entering or returning to Canada and assuming the same distribution of same-day and overnight visitors based on 2012 data from the ITS | **Estimated at 35% of total visitor spending based on information from Statistics Canada - Government Revenue Attributable to Tourism 2011 (Table 7)

From business perspective, growth of this magnitude is expected to produce significant increases in volume across all tourism sectors.

FIGURE 22
POTENTIAL IMPACTS ON SELECT CANADIAN TOURISM BUSINESSES FROM THE 5% PLAN



The 5% plan is a measured, realistic and achievable goal within the identified time-frame. The benefits to individual tourism businesses is significant and the potential reduction to the national travel trade deficit is meaningful.

APPENDICES

APPENDIX A: TERMS & DEFINITIONS

The composition of Canada's tourism industry includes several distinct – but complementary – business lines. These include:

- **Transportation:** Including passenger services via air, rail, and boat, as well as interurban, charter and tour buses and vehicle rental.
- **Accommodations:** Including hotels, inns, hostels, camping and rental properties.
- **Food and Beverage:** Restaurants and licensed establishments, as well as food service provided by accommodations.
- **Meetings and Events:** Conventions and business meetings, as well as major events and festivals.
- **Attractions:** Recreation and entertainment activities, as well as cultural, natural and historical attractions.

TOURISM: The definition of tourism follows that adopted by the World Tourism Organization and the United Nations Statistical Commission: “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.”

TOURISM DEMAND/SPENDING is defined as the spending of Canadian and non-resident visitors on domestically produced commodities. It is the sum of tourism domestic demand and tourism exports.

TOURISM DOMESTIC DEMAND is the spending in Canada by Canadians on domestically-produced commodities.

TOURISM EXPORTS are the spending by foreign visitors on Canadian-produced goods and services. It includes spending that may take place outside of Canada, for instance, the purchase of an airline ticket from a Canadian international carrier, to travel to Canada.

TOURISM GROSS DOMESTIC PRODUCT is the unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists. In the NTI, GDP is calculated at basic prices in both current and constant dollars. Only direct GDP is calculated in the NTI. GDP is also generated indirectly in the upstream production chain of a good or service. Although these indirect effects can be linked to tourism, they are not included in tourism GDP.

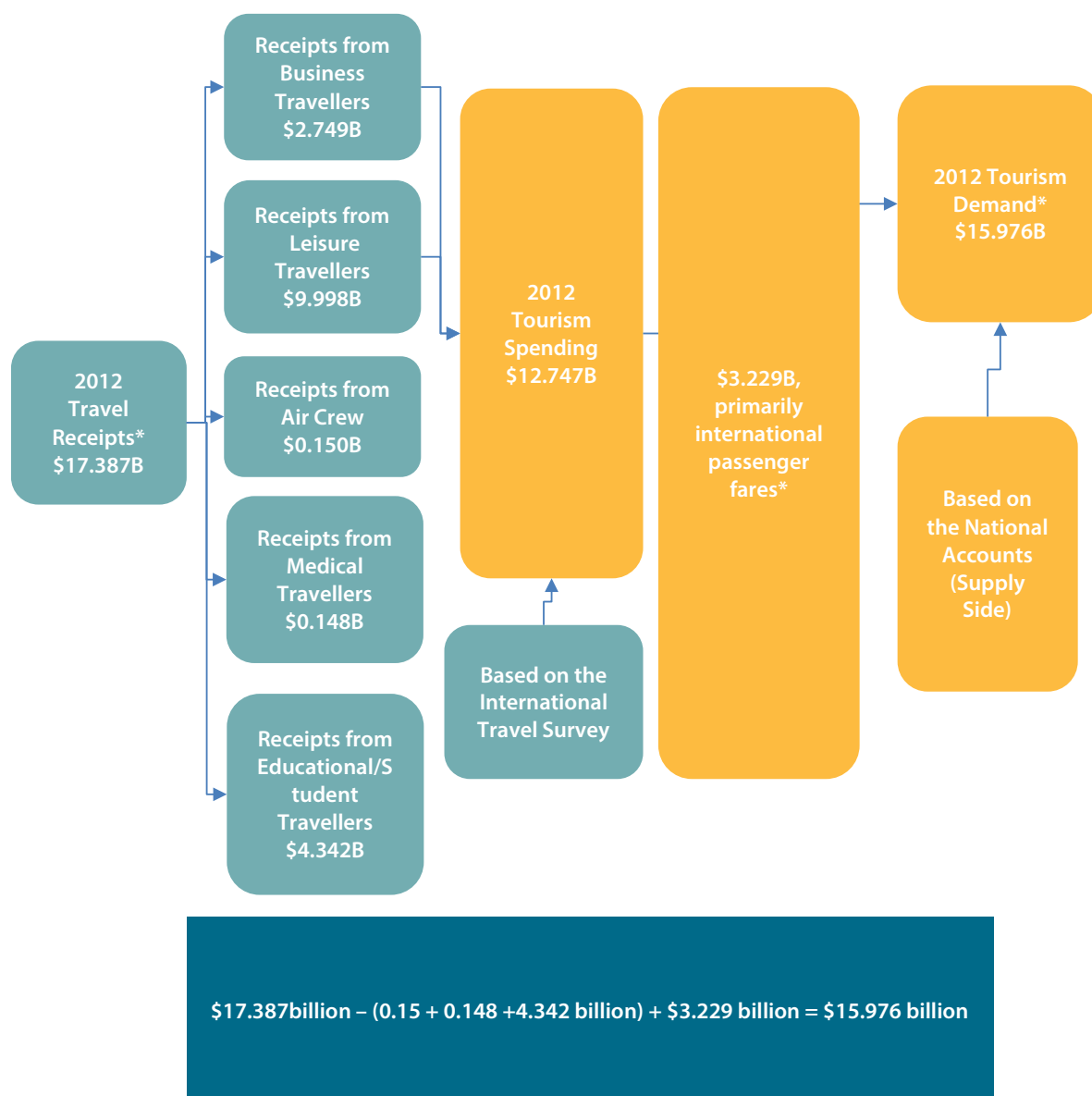
TOURISM EMPLOYMENT is a measure of employment in tourism and non-tourism industries. Tourism employment measures the number of jobs in an industry generated by, or attributable to, tourism spending on the goods and/or services produced by that industry. It is based on an estimate of jobs rather than “hours of work”. Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week.

TRAVEL RECEIPTS in the travel account are defined to include all expenses incidental to travel in Canada by non-residents. Among these are expenditures in Canada for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by travellers. The series thus includes any purchases of personal goods to be exported by travellers. Medical expenses and education expenses of non-residents in Canada as well as foreign crew members' spending in the country are also included. Travel receipts exclude international transportation fares paid by non-resident travellers to Canadian carriers.

TRAVEL PAYMENTS in the travel account are correspondingly defined to include all expenses incidental to travel abroad by residents of Canada. Among these are expenditures abroad for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by the travellers. The series thus includes any purchases of goods to be imported for personal use by travellers. Also included are medical expenses and education expenses of Canadian residents outside Canada as well as Canadian crew members' spending in other countries. Travel payments do not include international transportation fares paid by Canadian residents to foreign carriers.

TRAVEL RECEIPTS, TOURISM SPENDING & TOURISM DEMAND

The terms Travel Receipts, Tourism Spending & Tourism Demand are often used interchangeably but have distinctly different meanings. Using 2012 data, the terms are differentiated below.



Travel Receipts (net of airline tickets purchased from Canadian carriers to bring international travellers to Canada – an amount included in “transportation” receipts not travel) less air crew spending, medical traveler spending and student spending, plus international passenger fares equals Tourism Demand.

APPENDIX B: DATA TABLES

APPENDIX B-1: GROSS DOMESTIC PRODUCT FROM TOURISM (CURRENT PRICES)

Table 387-0010 Tourism gross domestic product (GDP), annual (dollars x 1,000,000)(1)														
Survey or program details:														
National Tourism Indicators - 1910														
Prices: Current Prices														
Activities	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tourism gross domestic product (GDP)	\$22,406	\$22,490	\$23,318	\$22,571	\$23,906	\$25,216	\$26,548	\$27,808	\$28,958	\$27,512	\$29,186	\$30,876	\$32,037	\$33,030
Total tourism industries	\$17,355	\$17,243	\$17,917	\$17,089	\$17,996	\$18,861	\$19,820	\$20,709	\$21,450	\$20,526	\$21,732	\$22,772	\$23,644	\$24,286
Transportation	\$5,954	\$5,304	\$5,523	\$5,014	\$5,121	\$5,512	\$5,892	\$6,115	\$6,405	\$5,764	\$6,217	\$6,736	\$6,986	\$7,163
Accommodation	\$5,246	\$5,492	\$5,709	\$5,430	\$5,893	\$6,116	\$6,456	\$6,839	\$7,021	\$6,609	\$7,041	\$7,277	\$7,536	\$7,730
Food and beverage services	\$2,691	\$2,768	\$2,898	\$2,860	\$3,035	\$3,170	\$3,315	\$3,460	\$3,604	\$3,618	\$3,762	\$3,910	\$4,105	\$4,268
Other tourism industries	\$3,464	\$3,678	\$3,787	\$3,785	\$3,947	\$4,063	\$4,157	\$4,295	\$4,420	\$4,535	\$4,712	\$4,849	\$5,017	\$5,125
Other industries	\$5,051	\$5,247	\$5,401	\$5,482	\$5,910	\$6,355	\$6,728	\$7,099	\$7,508	\$6,986	\$7,454	\$8,104	\$8,393	\$8,744
Note 1: Current dollar, seasonally adjusted series are no longer updated.														
Source: Statistics Canada, Table 387-0010 - Tourism gross domestic product (GDP), annual (dollars)														
(accessed: August 05, 2014)														

APPENDIX B-2: TOURISM EMPLOYMENT

Table 387-0003 Employment generated by tourism, annual (jobs x 1,000)(1,2)														
Survey or program details:														
National Tourism Indicators - 1910														
Activities	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tourism activities	609.9	608.4	611.0	602.2	610.6	607.1	608.1	613.6	617.4	599.6	592.7	600.3	609.5	618.9
Total tourism industries	490.8	488.4	490.4	482.8	490.0	485.6	487.8	492.4	496.8	487.7	483.1	488.7	495.7	503.3
Transportation	85.5	82.6	77.8	75.7	73.2	66.6	68.8	71.7	70.9	70.8	69.6	70.2	72.0	73.3
Accommodation	159.2	158.4	160.5	155.4	161.6	163.2	160.8	161.8	158.0	150.2	150.6	153.4	154.4	156.5
Food and beverage services	143.2	143.8	144.7	144.8	145.3	145.4	147.5	147.2	152.6	153.4	152.8	154.3	158.5	164.1
Other tourism activities	102.9	103.6	107.3	107.0	110.0	110.5	110.7	111.7	115.2	113.3	110.0	110.8	110.8	109.4
Recreation and entertainment	61.1	61.9	65.5	66.0	68.2	68.1	68.7	69.3	70.3	71.4	71.0	70.4	71.4	71.2
Travel agencies	41.8	41.7	41.8	40.9	41.8	42.4	42.0	42.4	44.9	41.8	39.0	40.4	39.5	38.2
Other industries	119.1	120.0	120.7	119.4	120.5	121.5	120.3	121.2	120.6	112.0	109.6	111.6	113.8	115.6
Footnotes:														
1 The tourism employment series are reduced to the following industries: Air transportation, Other transportation, Accommodation, Food and beverage services, Recreation and entertainment, Travel services, and Other (non-tourism) industries.														
2 Other transportation includes rail, water, bus, taxi and vehicle rental.														
Source: Statistics Canada. Table 387-0003 - Employment generated by tourism, annual (jobs)														
(accessed: August 05, 2014)														

APPENDIX B-3: TOURISM DEMAND (\$2007 DOLLARS)

Table 387-0001 Tourism demand in Canada, annual (dollars x 1,000,000)(1)

Survey or program details:

National Tourism Indicators - 1910

Prices 2007 constant prices

Categories	Expenditures	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Tourism demand	Tourism expenditures	\$61,440	\$62,053	\$62,583	\$60,713	\$62,963	\$65,146	\$67,198	\$69,373	\$70,296	\$68,505	\$71,345	\$73,750	\$75,056
	Total tourism commodities	\$52,135	\$52,304	\$52,050	\$50,594	\$52,893	\$54,865	\$56,513	\$58,349	\$58,884	\$57,138	\$59,535	\$61,603	\$62,706
	Transportation	\$22,962	\$22,766	\$21,970	\$21,416	\$22,951	\$24,493	\$25,446	\$26,582	\$26,988	\$25,870	\$27,566	\$29,163	\$29,662
	Accommodation	\$9,416	\$9,612	\$10,005	\$9,625	\$10,019	\$10,072	\$10,328	\$10,626	\$10,547	\$10,116	\$10,585	\$10,928	\$11,058
	Food and beverage services	\$9,618	\$9,666	\$9,747	\$9,419	\$9,631	\$9,795	\$9,962	\$10,133	\$10,279	\$9,959	\$10,061	\$10,181	\$10,375
	Other tourism commodities	\$10,139	\$10,260	\$10,328	\$10,134	\$10,292	\$10,505	\$10,777	\$11,008	\$11,070	\$11,193	\$11,323	\$11,331	\$11,621
	Total other commodities	\$9,305	\$9,749	\$10,533	\$10,119	\$10,070	\$10,281	\$10,685	\$11,024	\$11,412	\$11,367	\$11,810	\$12,147	\$12,350
Tourism (domestic demand)	Tourism expenditures	\$41,124	\$41,784	\$42,720	\$43,595	\$44,265	\$47,533	\$50,288	\$52,770	\$54,562	\$54,558	\$56,420	\$58,604	\$59,650
	Total tourism commodities	\$35,419	\$35,750	\$35,909	\$36,650	\$37,703	\$40,608	\$42,845	\$44,926	\$46,165	\$45,869	\$47,361	\$49,090	\$49,913
	Transportation	\$17,509	\$17,250	\$16,784	\$16,875	\$17,841	\$19,698	\$20,839	\$22,057	\$22,630	\$22,136	\$23,197	\$24,459	\$24,783
	Accommodation	\$4,557	\$4,877	\$5,197	\$5,471	\$5,494	\$5,817	\$6,233	\$6,568	\$6,732	\$6,642	\$6,964	\$7,309	\$7,387
	Food and beverage services	\$6,053	\$6,140	\$6,321	\$6,528	\$6,524	\$6,862	\$7,125	\$7,339	\$7,633	\$7,591	\$7,615	\$7,733	\$7,891
	Other tourism commodities	\$7,300	\$7,483	\$7,607	\$7,776	\$7,844	\$8,231	\$8,648	\$8,962	\$9,170	\$9,500	\$9,585	\$9,589	\$9,852
	Total other commodities	\$5,705	\$6,034	\$6,811	\$6,945	\$6,562	\$6,925	\$7,443	\$7,844	\$8,397	\$8,689	\$9,059	\$9,514	\$9,737
Tourism exports (foreign demand)	Tourism expenditures	\$20,316	\$20,269	\$19,863	\$17,118	\$18,698	\$17,613	\$16,910	\$16,603	\$15,734	\$13,947	\$14,925	\$15,146	\$15,406
	Total tourism commodities	\$16,716	\$16,554	\$16,141	\$13,944	\$15,190	\$14,257	\$13,668	\$13,423	\$12,719	\$11,269	\$12,174	\$12,513	\$12,793
	Transportation	\$5,453	\$5,516	\$5,186	\$4,541	\$5,110	\$4,795	\$4,607	\$4,525	\$4,358	\$3,734	\$4,369	\$4,704	\$4,869
	Accommodation	\$4,859	\$4,735	\$4,808	\$4,154	\$4,525	\$4,255	\$4,095	\$4,058	\$3,815	\$3,474	\$3,621	\$3,619	\$3,671
	Food and beverage services	\$3,565	\$3,526	\$3,426	\$2,891	\$3,107	\$2,933	\$2,837	\$2,794	\$2,646	\$2,368	\$2,446	\$2,448	\$2,484
	Other tourism commodities	\$2,839	\$2,777	\$2,721	\$2,358	\$2,448	\$2,274	\$2,129	\$2,046	\$1,900	\$1,693	\$1,738	\$1,742	\$1,769
	Total other commodities	\$3,600	\$3,715	\$3,722	\$3,174	\$3,508	\$3,356	\$3,242	\$3,180	\$3,015	\$2,678	\$2,751	\$2,633	\$2,613

Footnotes: Current dollar, seasonally adjusted series are no longer updated.

Source: Statistics Canada, Table 387-0001 - Tourism demand in Canada, annual (dollars)

(accessed: August 05, 2014)

APPENDIX B-4: GOVERNMENT REVENUE FROM TOURISM

Government Revenue Attributable to Tourism														
Breakdown	2000	2001	2002	2003	2004	2005	2006	2007	2008R	2009R	2010R	2011L	2012E	2013E
Government Revenue:	\$14,882	\$14,896	\$16,048	\$15,999	\$16,783	\$17,975	\$18,946	\$19,714	\$19,812	\$18,985	\$20,055	\$21,372	\$21,750	\$21,990
Revenues/ \$100 of To	\$27.7	\$27.5	\$28.4	\$28.9	\$28.6	\$28.8	\$28.7	\$28.4	\$27.3	\$27.6	\$27.3	\$27.2		
Federal														
Government Revenue:	\$7,107	\$6,958	\$7,660	\$7,659	\$7,969	\$8,480	\$8,888	\$9,221	\$9,152	\$8,610	\$9,017	\$9,623	\$9,793	\$9,902
Revenues/ \$100 of To	\$13.2	\$12.85	\$13.54	\$13.84	\$13.59	\$13.58	\$13.46	\$13.29	\$12.62	\$12.52	\$12.29	\$12.23		
Provincial/Territorial														
Government Revenue:	\$6,949	\$7,038	\$7,458	\$7,396	\$7,829	\$8,417	\$8,916	\$9,290	\$9,467	\$9,233	\$9,821	\$10,454	\$10,639	\$10,757
Revenues/ \$100 of To	\$12.93	\$13.00	\$13.19	\$13.36	\$13.35	\$13.48	\$13.50	\$13.39	\$13.06	\$13.43	\$13.39	\$13.29		
Municipal														
Government Revenue:	\$827	\$901	\$930	\$950	\$984	\$1,078	\$1,142	\$1,203	\$1,194	\$1,142	\$1,216	\$1,295	\$1,318	\$1,333
Revenues/ \$100 of To	\$1.54	\$1.66	\$1.64	\$1.72	\$1.68	\$1.73	\$1.73	\$1.73	\$1.65	\$1.66	\$1.66	\$1.65		

Source: Statistics Canada, Government Revenue Attributable to Tourism, CANSIM Table 387-0001, and HLT estimates.

Government Revenue Attributable to Tourism														
Breakdown	2000	2001	2002	2003	2004	2005	2006	2007	2008R	2009R	2010R	2011L	2012E	2013E
Government Revenues Attributed to:														
Domestic Tourism Spending:	\$9,458	\$9,573	\$10,546	\$11,153	\$11,455	\$12,841	\$13,920	\$14,729	\$15,081	\$14,690	\$15,565	\$16,714	\$17,012	\$17,219
Revenues/ \$100 of To	\$26.3	\$26.4	\$27.4	\$28.1	\$27.9	\$28.2	\$28.2	\$27.9	\$26.8	\$26.8	\$26.6	\$26.3		
International Visitors Spending:	\$5,424	\$5,324	\$5,502	\$4,846	\$5,328	\$5,134	\$5,026	\$4,984	\$4,731	\$4,295	\$4,490	\$4,658	\$4,738	\$4,771
Revenues/ \$100 of To	\$30.4	\$29.7	\$30.4	\$30.8	\$30.4	\$30.4	\$30.3	\$30.0	\$29.2	\$30.6	\$30.2	\$30.8		
Total Government Revenue:	\$14,882	\$14,897	\$16,048	\$15,999	\$16,783	\$17,975	\$18,946	\$19,713	\$19,812	\$18,985	\$20,055	\$21,372	\$21,750	\$21,990

Source: Statistics Canada, Government Revenue Attributable to Tourism, CANSIM Table 387-0001, and HLT estimates.

APPENDIX B-5A: INBOUND INTERNATIONAL TRAVELLER AND SPENDING IN CANADA

Inbound International Travellers and Spending in Canada						
Year	International Travellers (000)			Spending (\$Million)(1)		
	Total travel	Same Day	Overnight	Total travel	Same Day	Overnight
2000	48,638	29,084	19,554	\$14,813	\$1,816	\$12,997
2001	47,147	27,567	19,580	\$15,081	\$1,722	\$13,359
2002	44,896	24,932	19,964	\$15,232	\$1,549	\$13,683
2003	38,903	21,484	17,419	\$13,072	\$1,388	\$11,683
2004	38,844	19,813	19,031	\$14,825	\$1,268	\$13,557
2005	36,161	17,550	18,611	\$14,302	\$1,073	\$13,229
2006	33,390	15,263	18,127	\$13,954	\$946	\$13,008
2007	30,374	12,598	17,776	\$13,855	\$733	\$13,121
2008	27,370	10,373	16,997	\$13,482	\$589	\$12,893
2009	24,697	9,112	15,585	\$12,052	\$531	\$11,521
2010	24,669	8,802	15,867	\$12,427	\$505	\$11,921
2011	25,066	9,363	15,703	\$12,482	\$481	\$12,001
2012	25,318	9,346	15,972	\$12,754	\$482	\$12,271

1) Expenditures include the following categories: accommodation, transportation within a country, food and beverages, recreation and entertainment and others (souvenirs, shopping, photos, etc.). Expenditures exclude medical expenses, expenses on education and spending by crews. Fares paid to travel between countries, known as international passenger fares, are also excluded.
Source: Statistics Canada, International Travel Survey

TABLE B-5B: US TRAVELLERS TO CANADA

US Travellers to Canada			
Year	Total	Same day	Overnight
2000	43,994	28,805	15,189
2001	42,871	27,301	15,570
2002	40,878	24,711	16,167
2003	35,509	21,277	14,232
2004	34,626	19,539	15,088
2005	31,655	17,264	14,391
2006	28,873	15,017	13,855
2007	25,695	12,319	13,375
2008	22,606	10,102	12,504
2009	20,526	8,858	11,667
2010	21,166	9,295	11,871
2011	20,543	8,947	11,597
2012	20,719	8,832	11,887
2013	20,435	8,427	12,008

Source: Statistics Canada - CANSIM Table 427-0004 & 427-0005

APPENDIX B-6: NUMBER OF NON-RESIDENT TRAVELLERS ENTERING CANADA

Table 427-0003¹
Number of non-resident travellers entering Canada, by country of residence (excluding the United States)
annual (persons)

Country of residence	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
United Kingdom	913,797	876,771	769,005	723,205	846,694	921,208	881,742	925,566	869,926	724,470	727,496	694,581	671,485	663,219
France	417,215	368,625	320,662	280,882	341,534	361,968	373,606	379,268	425,409	411,741	440,723	464,569	461,919	465,548
Germany ²	416,889	359,978	311,684	271,568	318,320	336,559	313,025	318,165	332,008	318,844	342,002	324,009	322,380	322,419
China	77,265	86,407	99,292	77,527	104,840	120,313	147,853	155,753	165,823	166,192	200,033	248,888	298,070	365,314
Australia	179,510	171,918	162,778	156,619	185,135	209,220	206,542	228,726	248,718	213,671	244,172	253,331	272,224	279,936
Japan	540,095	449,047	452,546	273,886	437,160	441,783	401,127	343,451	287,198	205,639	243,040	218,813	240,025	238,474
India	55,162	58,173	58,729	59,492	71,012	82,037	89,954	105,154	114,975	111,579	132,212	144,409	153,414	154,409
South Korea	149,032	157,081	165,101	148,557	190,982	191,319	201,815	212,602	196,564	144,141	169,953	155,683	150,611	158,523
Mexico	146,945	154,671	165,097	144,061	177,269	194,344	213,945	250,633	270,828	172,006	123,763	136,931	147,698	156,856
Hong Kong	145,139	130,113	122,798	93,961	120,987	113,767	111,866	115,558	132,407	111,779	119,366	126,752	123,916	133,453
Switzerland	106,912	98,761	90,737	83,638	92,760	98,787	93,156	95,816	99,294	100,772	107,220	112,241	111,830	110,303
Netherlands	132,450	118,341	110,817	106,248	120,026	122,171	121,754	124,441	123,872	110,746	110,957	107,082	102,864	100,233
Italy	125,601	101,445	104,799	62,165	93,736	98,414	93,017	102,592	106,348	99,314	108,380	104,484	101,962	100,795
Brazil	52,454	40,516	36,941	31,598	50,516	62,155	65,649	66,682	72,126	62,243	80,776	88,489	94,555	94,555
Israel	81,597	83,043	77,286	59,872	68,624	82,890	78,144	70,858	67,933	58,829	61,771	64,443	64,973	62,806
Spain	43,995	39,149	45,544	31,899	43,396	50,979	56,830	67,224	75,903	72,897	68,609	68,127	59,124	56,657

Source: Statistics Canada. Table 427-0003 - Number of non-resident travellers entering Canada, by country of residence (excluding the United States), annual (persons)
Total Overseas Visitors includes same-day and overnight.

APPENDIX B-7: OVERNIGHT INTERNATIONAL TRAVEL

2012 Person Visits (Overnight) of International Travellers by Province of Destination						
Province	Person Visits (000s)			Spending (\$ million) (3)		
	US	Overseas	Total	US	Overseas	Total
BC (1)	3,116	1,381	4,497	\$1,562	\$1,748	\$3,309
AB	818	706	1,524	\$621	\$758	\$1,379
SK	147	59	206	\$85	\$80	\$165
MB	204	74	278	\$136	\$64	\$201
ON	5,885	1,767	7,652	\$2,538	\$1,816	\$4,354
QC	1,794	1,091	2,884	\$1,009	\$1,165	\$2,174
ATL CND (2)	828	294	1,122	\$384	\$307	\$691
Total	12,792	5,371	18,163	\$6,334	\$5,938	\$12,272

1) Includes sum of visits to British Columbia, Yukon, Northwest Territories and Nunavut.
2) Includes sum of visits to Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island
3) Expenditures include the following categories: accommodation, transportation within a country, food and beverages, recreation and entertainment and others (souvenirs, shopping, photos, etc.). Expenditures exclude medical expenses, expenses on education and spending by crews. Fares paid to travel between countries, known as international passenger fares, are
Note: A non-resident traveller may visit several locations on one trip to Canada; each stay represents a person-visit.
As one person-trip may encompass several person-visits, the number of person-visits is often greater than the number of person-trips.
Source: Statistics Canada, International Travel Survey

APPENDIX B-8: INTERNATIONAL TRAVEL ACCOUNT

Receipts and Payments on International Travel Account			
Receipts and payments	Spending in Canada by foreign residents (receipts)	Spending in foreign countries by Canadians (payments)	Receipts minus payments, international travel account
Seasonal adjustment			
2000	\$15,997	\$18,337	-\$2,340
2001	\$16,437	\$18,344	-\$1,907
2002	\$16,741	\$18,222	-\$1,481
2003	\$14,776	\$18,526	-\$3,750
2004	\$16,980	\$19,876	-\$2,896
2005	\$16,533	\$21,870	-\$5,337
2006	\$16,459	\$23,395	-\$6,936
2007	\$16,618	\$26,421	-\$9,803
2008	\$16,545	\$28,644	-\$12,099
2009	\$15,546	\$27,545	-\$11,999
2010	\$16,320	\$30,637	-\$14,317
2011	\$16,624	\$32,975	-\$16,351
2012	\$17,387	\$35,029	-\$17,642
2013	\$18,201	\$36,161	-\$17,960

Source: Statistics Canada. Table 376-0108 - International Transactions in Services, by Category.

1) receipts in the travel account are defined to include all expenses incidental to travel in Canada by non-residents. Among these are expenditures in Canada for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by travellers. The series thus includes any purchases of personal goods to be exported by travellers. Also included are medical expenses and education expenses of non-residents in Canada as well as foreign crew members' spending in the country.

2) Payments in the travel account are correspondingly defined to include all expenses incidental to travel abroad by residents of Canada. Among these are expenditures abroad for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by the travellers. The series thus includes any purchases of goods to be imported for personal use by travellers. Also included are medical expenses and education expenses of Canadian residents outside Canada as well as Canadian crew members' spending in other countries.

Note: travel receipts exclude international transportation fares paid by non-resident travellers to Canadian carriers. Also, travel payments do not include international transportation fares paid by Canadian residents to foreign carriers.

APPENDIX B-9: OUTBOUND TRAVELLERS FROM KEY OVERSEAS MARKETS

Country Name	Number of Departures by Key Overseas Market													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
China	10,473,000	12,133,000	16,602,000	20,222,000	28,853,000	31,026,000	34,524,000	40,954,000	45,844,000	47,656,000	57,386,000	70,250,000	83,183,000	98,190,000
Germany	74,400,000	76,400,000	73,300,000	74,600,000	72,300,000	77,400,000	71,200,000	70,400,000	73,000,000	72,300,000	72,703,000	74,473,000	76,666,000	n.a.
France	19,886,000	19,265,000	18,315,000	18,576,000	21,131,000	22,480,000	22,240,000	28,103,000	25,506,000	25,140,000	25,041,000	26,155,000	25,450,000	n.a.
United Kingdom	56,837,000	58,281,000	59,377,000	61,424,000	64,194,000	66,494,000	69,536,000	69,450,000	69,011,000	58,614,000	55,562,000	56,836,000	56,538,000	58,506,887
Hong Kong	n.a.	61,095,000	64,540,000	60,936,000	68,903,000	72,300,000	75,812,000	80,682,000	81,911,000	81,958,000	84,442,000	84,816,000	85,276,000	86,000,000
Japan	17,819,000	16,216,000	16,523,000	13,296,000	16,831,000	17,404,000	17,535,000	17,295,000	15,987,000	15,446,000	16,637,000	16,994,000	18,491,000	17,472,748
Australia*	3,038,000	3,223,000	3,022,000	2,966,000	3,683,000	4,216,000	4,366,000	4,742,000	5,215,000	5,377,000	6,173,000	6,800,000	7,188,000	7,628,000
Brazil	3,228,000	2,674,000	2,338,000	3,229,000	2,968,000	3,466,000	3,930,000	4,731,000	5,210,000	4,919,000	6,448,000	7,728,000	8,119,000	n.a.
India	4,416,000	4,564,000	4,940,000	5,351,000	6,213,000	7,185,000	8,340,000	9,783,000	10,868,000	11,067,000	12,988,000	13,994,000	14,920,000	n.a.
Mexico	11,079,000	12,075,000	11,948,000	11,044,000	12,494,000	13,305,000	14,002,000	15,257,000	14,527,000	14,104,000	14,334,000	14,799,000	15,581,000	n.a.
South Korea**	5,508,242	6,084,476	7,123,407	7,086,133	8,825,585	10,080,143	11,609,878	13,324,944	11,996,094	9,494,111	12,488,364	12,693,733	13,736,976	14,846,485
International tourism, number of departures														
* Tourism Research Australia - Year Ending Sep 30.														
** Korea Tourism Organization														
n.a.: not available.														
Source: The World Bank & Tourism Research Australia														

APPENDIX B-10: ARRIVALS TO CANADA FROM KEY OVERSEAS MARKETS

Country Name	Arrivals to Canada by Key Overseas Market													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
China	77,265	86,407	99,292	77,527	104,840	120,313	147,853	155,753	165,823	166,192	200,033	248,888	298,070	365,314
Germany	416,889	359,978	311,684	271,568	318,320	336,559	313,025	318,165	332,008	318,844	342,002	324,009	322,380	322,419
France	417,215	368,625	320,662	280,882	341,534	361,968	373,606	379,268	425,409	411,741	440,723	464,569	461,919	465,548
United Kingdom	913,797	876,771	769,005	723,205	846,694	921,208	881,742	925,566	869,926	724,470	727,496	694,581	671,485	663,219
Hong Kong	145,139	130,113	122,798	93,961	120,987	113,767	111,866	115,558	132,407	111,779	119,366	126,752	123,916	133,453
Japan	540,095	449,047	452,546	273,886	437,160	441,783	401,127	343,451	287,198	205,639	243,040	218,813	240,025	238,474
Australia	179,510	171,918	162,778	156,619	185,135	209,220	206,542	228,726	248,718	213,671	244,172	253,331	272,224	279,936
Brazil	52,454	40,516	36,941	31,598	50,516	62,155	65,649	66,682	72,126	62,243	80,776	88,489	94,555	94,555
India	55,162	58,173	58,729	59,492	71,012	82,037	89,954	105,154	114,975	111,579	132,212	144,409	153,414	154,409
Mexico	146,945	154,671	165,097	144,061	177,269	194,344	213,945	250,633	270,828	172,006	123,763	136,931	147,698	156,856
South Korea	149,032	157,081	165,101	148,557	190,982	191,319	201,815	212,602	196,564	144,141	169,953	155,683	150,611	158,523

Source: Statistics Canada, Table 427-0003 & Table 427-0004 - number of non-resident travelers entering Canada US & Overseas.

APPENDIX B-11: US OUTBOUND & US ARRIVALS TO CANADA

US Overnight Visitors to Canada														
Country Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
United States Outbound	61,327,000	59,442,000	58,065,000	56,250,000	61,809,000	63,503,000	63,662,000	64,029,000	63,563,000	62,171,000	61,060,000	59,210,000	60,697,000	61,874,000
United States to CND	15,188,971	15,570,211	16,167,228	14,232,408	15,087,515	14,390,700	13,855,468	13,375,202	12,503,880	11,667,240	11,870,848	11,596,942	11,886,951	12,007,976
CND's Share of US Outbound	24.8%	26.2%	27.8%	25.3%	24.4%	22.7%	21.6%	20.9%	19.7%	18.8%	19.4%	19.6%	19.6%	19.4%

Source: Statistics Canada, Table 427-0003 & Table 427-0004 - umber of non-resident travelers entering Canada US & Overseas & ITA Office of Travel & Tourism

APPENDIX B-12: TRAVEL DEFICIT/CAPITA - CANADA COMPARED TO OTHER COUNTRIES

2013 International Tourism					
Country	Receipts (US\$ billion)	Expenditures (US\$ billion)	Deficit (US\$ billion)	Population (thousands)	Deficit/1,000 population
Austria	\$20.1	\$10.3	\$9.8	8,222	\$1,191,924
Spain	\$60.4	\$16.3	\$44.1	47,371	\$930,949
Malaysia	\$21.0	\$11.9	\$9.1	29,628	\$307,142
Turkey	\$28.0	\$4.8	\$23.2	80,694	\$287,506
Italy	\$43.9	\$27.0	\$16.9	61,482	\$274,877
France	\$56.1	\$42.4	\$13.7	65,952	\$207,727
United States	\$139.6	\$86.2	\$53.4	316,439	\$168,753
Australia	\$31.0	\$28.4	\$2.6	22,263	\$116,786
Mexico	\$13.8	\$9.1	\$4.7	118,818	\$39,556
Japan	\$14.9	\$22.0	(\$7.1)	127,253	(\$55,794)
Korea, Republic of	\$14.3	\$21.7	(\$7.4)	48,955	(\$151,159)
United Kingdom	\$40.6	\$52.6	(\$12.0)	63,396	(\$189,286)
Canada	\$17.7	\$35.2	(\$17.5)	34,568	(\$506,249)
Germany	\$41.2	\$85.9	(\$44.7)	81,147	(\$550,852)

Source: World Tourism Organization (UNWTO) April 2014, and 2014 CIA World Factbook.

APPENDIX B-13: CANADIAN TRAVEL RECEIPTS (EXCLUDING RECEIPTS FROM CREW MEMBERS, MEDICAL AND STUDENTS)

Canadian Travel Receipts (Excluding Receipts from Crew Members, Medical and Students)					
Spending in Canada by foreign residents (receipts)(1)					
Year	Total	Crew Members	Medical	Students	Adjusted Total(2)
2000	\$15,997	\$177	\$94	\$914	\$14,812
2001	\$16,437	\$173	\$98	\$1,084	\$15,082
2002	\$16,741	\$175	\$100	\$1,234	\$15,232
2003	\$14,776	\$180	\$103	\$1,422	\$13,071
2004	\$16,980	\$180	\$106	\$1,868	\$14,826
2005	\$16,533	\$175	\$117	\$1,939	\$14,302
2006	\$16,459	\$172	\$121	\$2,212	\$13,954
2007	\$16,618	\$172	\$126	\$2,465	\$13,855
2008	\$16,545	\$161	\$130	\$2,772	\$13,482
2009	\$15,546	\$145	\$135	\$3,215	\$12,051
2010	\$16,320	\$156	\$141	\$3,510	\$12,513
2011	\$16,624	\$140	\$145	\$3,857	\$12,482
2012	\$17,387	\$150	\$148	\$4,342	\$12,747
2013	\$18,201	n.a.	n.a.	n.a.	n.a.

1) receipts in the travel account are defined to include all expenses incidental to travel in Canada by non-residents. Among these are expenditures in Canada for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by travelers. The series thus includes any purchases of personal goods to be exported by travelers. Also included are medical expenses and education expenses of non-residents in Canada as well as foreign crew members' spending in the country. Note: travel receipts exclude international transportation fares paid by non-resident travelers to Canadian carriers.

2) Adjusted to exclude spending of crew members, medical and educational trips.

Source: Statistics Canada- Table 376-0031 International Transactions in Services.

APPENDIX B-14: INTERNATIONAL VISITOR SPENDING VS. FOREIGN TOURISM DEMAND IN CANADA

Comparison of Travel Spending (or Adjusted Receipts) vs. Tourism Demand Data

Year	Tourism Spending (2)	Foreign Tourism Demand/Spending(3)	
		Current Dollars	2007 Dollars
2000	\$14,812	\$17,815	\$20,316
2001	\$15,082	\$17,899	\$20,269
2002	\$15,232	\$18,116	\$19,863
2003	\$13,071	\$15,715	\$17,118
2004	\$14,826	\$17,538	\$18,698
2005	\$14,302	\$16,910	\$17,613
2006	\$13,954	\$16,613	\$16,910
2007	\$13,855	\$16,603	\$16,603
2008	\$13,482	\$16,195	\$15,734
2009	\$12,051	\$14,223	\$13,947
2010	\$12,513	\$15,151	\$14,925
2011	\$12,482	\$15,514	\$15,146
2012	\$12,747	\$15,976	\$15,406
2013	n.a.	n.a.	\$15,512

1) Expenditures include the following categories: accommodation, transportation within a country, food and beverages, recreation and entertainment and others (souvenirs, shopping, photos, etc.). Expenditures exclude medical expenses, expenses on education and spending by crews. Fares paid to travel between countries, known as international passenger fares, are also excluded.

3) Foreign Tourism Spending is spending by foreign visitors on Canadian-produced tourism goods and services. It includes spending that may take place outside of Canada, for instance, the purchase of an airline ticket from a Canadian international carrier, to travel to Canada. It does not include expenses of crew member or medical and educational expenses.

Source: Statistics Canada - International Travel Survey & Table 387-0001 - Tourism demand in Canada

APPENDIX B-15: INTERNATIONAL VISITOR SPENDING ADJUSTED FOR INFLATION (USING 2007\$)

Year	Inflation Factor (1)	Spending (\$Million)(2)			Spending (\$Million in 2007\$)(3)			International Travelers (000)(4)			Spending (\$Million 2007\$)/Int. Traveler		
		Same-Day	Overnight	Total	Same-Day	Overnight	Total	Same-Day	Overnight	Total	Same-Day	Overnight	Total
2000	1.17	\$1,816	\$12,997	\$14,813	\$2,125	\$15,206	\$17,331	29,084	19,554	48,638	\$73	\$778	\$356
2001	1.13	\$1,722	\$13,359	\$15,081	\$1,946	\$15,096	\$17,042	27,567	19,580	47,147	\$71	\$771	\$361
2002	1.12	\$1,549	\$13,683	\$15,232	\$1,735	\$15,325	\$17,060	24,932	19,964	44,896	\$70	\$768	\$380
2003	1.09	\$1,388	\$11,683	\$13,071	\$1,513	\$12,734	\$14,247	21,484	17,419	38,903	\$70	\$731	\$366
2004	1.06	\$1,268	\$13,557	\$14,825	\$1,344	\$14,370	\$15,715	19,813	19,031	38,844	\$68	\$755	\$405
2005	1.05	\$1,073	\$13,229	\$14,302	\$1,127	\$13,890	\$15,017	17,550	18,611	36,161	\$64	\$746	\$415
2006	1.02	\$946	\$13,008	\$13,954	\$965	\$13,268	\$14,233	15,263	18,127	33,390	\$63	\$732	\$426
2007	1.00	\$733	\$13,121	\$13,854	\$733	\$13,121	\$13,854	12,598	17,776	30,374	\$58	\$738	\$456
2008	0.97	\$589	\$12,893	\$13,482	\$571	\$12,502	\$13,073	10,373	16,997	27,370	\$55	\$736	\$478
2009	0.97	\$531	\$11,521	\$12,052	\$516	\$11,201	\$11,717	9,112	15,585	24,697	\$57	\$719	\$474
2010	0.96	\$505	\$11,921	\$12,426	\$485	\$11,444	\$11,929	8,802	15,867	24,669	\$55	\$721	\$484
2011	0.93	\$481	\$12,001	\$12,482	\$447	\$11,161	\$11,608	9,363	15,703	25,066	\$48	\$711	\$463
2012	0.92	\$482	\$12,271	\$12,754	\$444	\$11,290	\$11,734	9,346	15,972	25,318	\$47	\$707	\$463
2000-2012 Change		-73.4%	-5.6%	-13.9%	-79.1%	-25.8%	-32.3%	-67.9%	-18.3%	-47.9%	-35.0%	-9.1%	30.1%
2002-2012 Change		-68.9%	-10.3%	-16.3%	-74.4%	-26.3%	-31.2%	-62.5%	-20.0%	-43.6%	-31.7%	-7.9%	22.0%

1) Estimated using the Bank of Canada Inflation Calculator - Base Year 2007 = 100

2) Expenditures include the following categories: accommodation, transportation within a country, food and beverages, recreation and entertainment and others (souvenirs, shopping, photos, etc.). Expenditures exclude medical expenses, expenses on education and spending by crews. Fares paid to travel between countries, known as international passenger fares, are also excluded. Spending data comes from the International Travel Survey. Spending for 2013 is not currently available.

3) Converted to \$2007 dollar using the inflation factor derived from Bank of Canada Inflation Calculator.

4) International traveler same-day and overnight based on ITS. For 2013, only total number of international traveler is currently available from CANSIM Table 427-0005 (Number of international travelers entering or returning to Canada).

Source: HLT Advisory Inc. based on CANSIM Table 387-0001-Tourism Demand, Table 427-0005- Number of international travelers entering or returning to Canada, ITS historical (2000-2012) number of international traveler and spending, and HLT estimates.

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ACKNOWLEDGEMENTS

TIAC and HLT Advisory would like to thank the Canadian Tourism Commission for their contribution to research and content, as well as Adrienne Foster, Director of Research & Public Affairs at TIAC, for her consultation.

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