

**AN
ECONOMIC PROFILE
OF
RESOURCE-BASED TOURISM
IN
NORTHERN ONTARIO
1996**

Ministry of Tourism
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GLOSSARY

Directly Attributable To Tourism refers to the portion of the tourism-related sectors' economic activity that is attributed to the tourists' spending.

Direct Impact refers to the impact that **the** tourists' spending has on the front-line businesses serving these tourists (i.e. the tourism-related sectors).

Employment all employment figures used in this paper, with the exception of those *attributed to tourism*, are from Statistics Canada's Labour Force Survey. This survey measures employment in terms of "jobs," a concept that includes seasonal, part-time and full-time employees, as well as self-employed and employees not receiving remuneration. The jobs that are *attributed to tourism* are generated by MEDTT's economic impact model (T.R.E.I.M.), which essentially converts tourists' expenditures in a particular industry to jobs according to the industry's production process and part-time/full-time ratios.

GDP this figure refers to the total value of wages & salaries, profits and indirect taxes (less subsidies) generated in the industries involved in the production process that is initiated with **the** tourists' spending.

Gross Output refers to the total sales achieved by all industries (direct and indirect) that participate in the production process initiated by **the** tourists' spending.

Indirect Impact refers to the economic impact resulting from the expansion of demand from the industries involved in the direct supply of goods and services to tourists **and** to other industries.

Induced Impact refers to the economic impact associated with the re-spending of labour income and/or profits earned in the industries that serve tourists directly and indirectly.

Municipal Taxes refers to business and property taxes collected by municipalities. Although in the long-term these taxes are correlated with the economic health of the community, in the short-term, these taxes may not be related to the community's economic fluctuations.

Travel Regions Northern Ontario is divided into six travel regions: Sunset Country, **comprising** the districts of Rainy River and the western third of Kenora; North of Superior, **comprising** the districts of Thunder Bay and the middle third of Kenora; James Bay Frontier, **comprising** the remaining section of Kenora and the district of Cochrane; Algoma County, **comprising** the districts of Algoma and parts of Sudbury; Rainbow Country, **comprising** the districts of Manitoulin, the remaining part of Sudbury (including the regional municipality of Sudbury) and the coastal part of Parry Sound; and Near North, **comprising** the remaining part of Parry Sound, the district of Nipissing and Timiskaming.

Tourism Related Sectors refers to the sectors that supply the goods and services consumed by tourists. These sectors are: transportation (air, rail, bus and local); accommodation services; food **and** beverage services; amusement **and** recreation services; **and** retail and "other" services (car rental, travel agents). Although these sectors supply the goods and services consumed by tourists, they also supply goods and services consumed by non-tourists. As such, not all of these sectors' revenues and jobs are attributed to tourists' spending.

SECTOR PROFILES - NORTHERN ONTARIO¹

1. TOURISM

A. The Visitors & Their Spending

Tourism comprises 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. Excluded from the definition of tourism are: border workers and other travellers that commute to work; temporary immigrants; permanent immigrants; nomads; transit passengers; refugees; members of armed forces; **and** representation of consulates and diplomats. In Ontario, the definition of tourism also excludes same-day travellers who, in order to reach their destination, travelled less than 40 kms (one way) away from home and overnight travellers who travelled less than 40 kms and stayed in non-commercial accommodation.

In 1996, 9.1 million person-visits were made in **Northern** Ontario. Most of these visitors came from Ontario (71.3%), followed by Americans (21.7%), residents of other Canadian provinces (5.4%) and residents of other countries (1.7%).

Contrary to the perception of tourism as a highly seasonal industry, visitors travelled to the North during all seasons. The summer months (third calendar quarter) accounted for a large portion of the visitors to the North (40.9%), but all other three quarters account for 59.1% of the visits (winter 17.7%, spring 22.4% and fall 19.0%).

Of all travel to **Northern** Ontario in 1996, 3.1 million person-visits, 2.6 million of which were overnight, were engaged in resource-based activities², which accounted for 34% of the total visits to the North.

¹ Throughout this paper the North is comprised of the following districts: Rainy River, Kenora, Thunder Bay, Cochrane, Algoma, Sudbury, Sudbury RM, Manitoulin, Parry Sound, Nipissing and Timiskaming.

² The resource-based activities of Ontarians and other Canadians pertain to:

- a. hunting & fishing,
- b. visiting national or provincial parks,
- c. bird or wildlife viewing,
- d. snowmobiling, cross-country and downhill skiing,
- e. nature walks and hiking,
- f. camping, and
- g. swimming and other water-based sports.

For Americans and overseas visitors the resource-based activities pertain to:

- a. hunting and fishing,
- b. visiting national or provincial parks and historic sites,
- c. cross-country and downhill skiing,
- d. camping, and
- e. swimming and other water sports.

Overnight visitors **who** participated in resource-based activities accounted for 50.3% of the total overnight visitors to the North.

Most of these resource-based visitors came from Ontario (62.6%), followed by Americans (27.4%), residents of other Canadian provinces (6.5%) and residents of other countries (3.5%). The overwhelming majority of the Ontarians travelling in the North **were** Northern Ontario residents.

Of the total travellers to the North with an Ontario origin, only 29.6% engaged in resource-based activities in 1996. This is in stark contrast **to** the number of travellers from other origins outside Ontario **who** engaged in these activities. In particular, 42.5% of the Americans, 40.4% of the Canadians outside Ontario, and 69.5% of the overseas visitors to the North engaged in resource based activities.

In 1996, total touristic activity generated \$1.16 billion in northern Ontario, of which \$461.7 million, or 39.7%, was spent by visitors involved in resource-based activities.

Of the total tourists' expenditures, Ontario residents spent \$728 million (62.5%), Americans \$334 million (28.7%), residents of other provinces \$54 million (4.7%), and overseas visitors \$48 million (4.1%).

Of the total expenditures associated with resource-based tourists, Ontario residents spent \$162.6 million (35.2% of the total), Americans spent \$264.1 million (57.2% of the total) and residents of other countries spent \$34.9 million (7.6% of the total).

Table 1
Tourists' Spending in Northern Ontario, by Expenditure Type, 1996

Spending	All Travel		In-bound Visitors		Resource-based Tourists		Resource-based Tourists' Share of Total Sectoral Expenditures
	\$mil.	%	\$mil.	%	\$mil.	%	
Accommodation	\$245.8	21.2%	\$246.7	24.4%	\$157.7	34.2%	64.2%
Food & Beverage at Restaurants & Bars	\$178.4	15.4%	\$178.4	17.6%	\$72.2	15.6%	40.5%
Private Transport	\$216.7	18.7%	\$201.2	19.9%	\$83.8	18.2%	38.7%
Recreation	\$88.4	7.6%	\$88.8	8.8%	\$59.8	13.0%	67.6%
Retail**	\$254.4	21.9%	\$254.4	25.2%	\$73.2	15.9%	28.8%
Public Transport	\$178.1	15.3%	\$41.8	4.1%	\$15.0	3.2%	8.4%
Total Expenditures	\$1,161.8*	100.0%	\$1,011.3	100.0%	\$461.7	100.0%	39.7%

Source: International Travel Survey & Canadian Travel Survey, Statistics Canada, 1994.

* This total includes spending in Northern Ontario by northern residents while travelling to destinations outside the North.

** It includes clothing, food and beverage purchased at grocery and liquor stores, and other retail.

As Table 1 demonstrates, the tourists who participated in resource-based activities are an important segment of the northern tourism economy, especially for the accommodation sector, where they account for 64.2% of its tourism receipts, and the recreation sector, where they account for 67.6% of its tourism receipts.

Although the resource-based visitors accounted for **34%** of the total visits to the North, their spending accounted for 45.7% of the region's total in-bound tourism spending. The average spending per person visit of this group of travellers was **36%** higher than that of the other travellers to the North (\$151/**person-visit** for remote tourists, versus \$111/**person-visit** for all tourists).

Northeastern Ontario appears to be slightly more dependent on resource-based visitors than **Northwestern** Ontario (Table 2; also see appendix for a map of travel regions), although on an individual basis, OTAP 12 (Sunset Country) was the region most dependent on these visitors.

Within the resource-based tourism segment, visitors **who** participated in fishing and hunting had the highest average spending per person visit (\$206), followed by visitors who visited national/provincial parks (\$171), visitors who went camping (\$117) and visitors who engaged in winter sports such as snowmobiling and skiing (\$109).

Table 2
Dependence Of Regional Tourism Sectors On
Tourists Participating In Resource-Based Activities - 1996

Region	Resource-Based Tourism Spending as a Percent of Total Tourism Spending %	Total Tourism Spending \$millions
Northeast	36.2%	\$690.7
Near North (OTAP-07)	47.5%	\$138.9
Rainbow Country (OTAP-08)	35.0%	\$229.2
Algoma Country (OTAP-09)	42.2%	\$175.1
James Bay Frontier (OTAP 10)	20.5%	\$147.5
Northwest	44.9%	\$471.1
North of Superior (OTAP-11)	30.2%	\$221.7
Sunset Country (OTAP 12)	57.9%	\$249.4

B. The Supply Side

According to Statistics Canada, 97,667 persons were employed in 1996 in Northern Ontario in tourism related sectors³. This level accounted for 26.1% of Northern Ontario's total employment.

The tourists' spending (\$1.16 billion) in the North sustained 23,195 of these jobs⁴, and an additional 647 in other non-tourism-related industries. This impact accounted for a total of 6.4% of the North's employment.

The tourism related sectors that were most dependent on tourists' spending were accommodation (99% of all jobs in this sector are sustained by the tourists' spending), food **and** beverage services (36%) and amusement **and** recreation (30%). It should be noted, however, that the Labour Force Survey reports the number of persons employed by industry and not the number of jobs. Since some employees hold more than one job, if the tourism related sectors are secondary jobs for those employees, then Table 3 will overestimate the share of these industries that is directly attributable to tourism. In other words, the Labour Force data by industry should be higher on a "**jobs,**" rather than "**persons,**" basis.

Although the resource-based tourists accounted for **34%** of the total person visits to the North, their relative employment impact was higher due primarily to their higher relative spending. Of the total jobs (23,842) that were sustained by tourists' spending, 46% were sustained by spending of visitors **who** engaged in resource-based tourism activities. The resource-based tourism sector was particularly significant **in** its impact on the accommodation and recreation sectors (see table 3 and 4), where it accounted for 67% and 20%, respectively, of these sectors' employment.

The importance of the resource-based tourism sector to the accommodation industry was also evident **relative to** the number of establishments **which** classify themselves as resource-based. There were in total, 2,069 tourist accommodation establishments (93% of which are Canadian owned) in **Northern** Ontario licensed by the Ontario Ministry of Economic Development, Trade and Tourism. Of these, 1,553 (nearly 75%) are classified as resource-based tourism operations.

³ "Tourism related sectors" refers to the sectors that supply the goods and services consumed by tourists. These sectors include: Transportation (air, rail, local, bus), Accommodation services, Food & Beverage services, Amusement & Recreation services, Retail and Other Services (car rental, travel agents).

⁴ Source: MEDTT's economic impact model. This model is based on Statistics Canada's I-O tables for Ontario. In order to express the employment impacts in relative employment figures, "person year" estimates are converted into "job" estimates as defined in the Labour Force Survey. A person year generally refers to a person working full-time for a whole year, while a "job" does not only refer to full-time/full-year employment. It contains seasonal, part-time and full-time employees as well as self-employed and employees not receiving remuneration, but contributing to the operations of a business owned by a related member of the household.

The accommodations⁵ offered by the resource-based tourism sector typically consist of fishing/hunting camps (average size - 8.8 units), fishing/hunting lodges (average size - 10.9 units), housekeeping resorts (average size - 7.7 units), and resort hotels/lodges (average size - 19.7 units). Non-resource-based accommodations available include motels/motor hotels, whose average size is 24.1 units per establishment and hotels (average size - 68.5 units).

Table 3
Tourism-Related Employment - Northern Ontario, 1996

Employment Group	Number Of Jobs*	Directly Attributable to Tourism**		Directly Attributable to Resource-Based Tourism**	
		#	%	#	%
Total Workforce in the North	374,204	23,842	6.4%	11,030	2.9%
Tourism-Related Industries	97,667	23,195	23.7%	10,825	11.1%
Transportation ¹	10,322	2,283	22.1%	224	2.2%
Retail ²	51,256	2,403	4.7%	737	1.4%
Services - Accommodation ³	9,550	9,412	98.6%	6,414	67.2%
Services - Food & Beverage ⁴	20,288	7,242	35.7%	2,204	10.9%
Services - Amusement ⁵	6,251	1,855	29.7%	1,246	19.9%
Other non-tourism industries	276,537	647	0.2%	205	0.1%

*Source: Labour Force Survey - Annual average number of employees; Statistics Canada, May, 1997

**Source: T.R.E.I.M., MEDTT's economic impact model

- ¹ SICs 451, 452, 453, 454 and 996 (air, rail, water and travel services), 457 (interurban and urban transit systems and chartered bus), 458 (taxicabs and limousines) and 992 (car rental)
- ² SICs 601 - 692
- ³ SICs 911, 912, 913 and 914
- ⁴ SICs 921 and 922
- ⁵ SICs 962, 963, 964, 965, 966, 969 and 855 (movie and live theaters, commercial spectator sports, recreation clubs, gambling, amusement services and museums).

⁵ Source: "Accommodation Facilities by Type of Establishment", Accommodations '96 Report, Ontario Travel Information Database.

C. Employment, GDP, Taxes & Linkages With Other Economic Sectors⁶

Although not all of the establishments where the resource-based tourists stayed were on Crown lands, almost all of these tourists' activities (see definition on page 1) occurred on Crown lands. For example, all fishing/hunting, visitations to national/provincial parks (96% of which are provincial parks), swimming and wildlife viewing occurs on Crown lands. Further, most of camping and snowmobiling occurs on public lands although there may be small sections of a snowmobile track that are private. Downhill skiing occurs mostly on private lands, but this is a relatively minor activity in the North. The activities that can be considered as exclusively occurring on Crown lands (parks, fishing/hunting, swimming, hiking, bird/wildlife viewing) account for 88% of the resource-based tourists' spending. If only half of the remaining expenditures are associated with activities that occur on Crown lands, then Crown lands will account for 95% of these tourists spending.

Table 4
Total Tourism & Resource-Based Tourism Direct Employment in Northern Ontario, 1996

Industry	Resource-Based Tourism Employment (1)	All Tourism Employment (2)	Resource-Based Tourism's Share Of Total (1/2)
Transportation	224	2,283	9.8%
Accommodation	6,414	9,412	68.1%
Food & Beverage	2,204	7,242	30.4%
Recreation	1,246	1,855	67.2%
Retail	737	2,403	30.7%
All Tourism-Related Industries	10,825	23,195	46.7%
Non-Tourism Industries	205	647	31.7%
Total Direct Jobs In the North	11,030	23,842	46.3%
Direct Jobs in Other Ontario*	889	2,616	34.0%

Source: T.R.E.I.M.

* This item refers to direct jobs that accrue to other parts of Ontario as a result, primarily, of spending by tourists on transportation in order to get to the North.

Tourists' spending in Northern Ontario (and in Southern Ontario while getting to the North) generated 26,458 direct jobs, and an additional 15,876 of indirect and induced jobs province-wide. Of the total jobs generated (42,334), 77.6%, or 32,893 jobs, were retained within the northern economy (23,842 of which were direct jobs), while the rest were generated in other parts of Ontario. Tourism's total (direct, indirect and induced) employment impact in the North accounted for 8.8% of the region's employment.

⁶ By economic impact we mean the resources that were used to satisfy a sector's demand and the taxes that the economic activity associated with a sector's output generates. This section neither evaluates the costs of the various economic activities, nor the costs and benefits of other non-traded economic activities as well as non-economic activities generated by a sector's production/consumption.

In total, \$2.6 billion in sales were generated throughout the province in order to meet the demand of the **Northern** visitors, 57.7% of which was retained within the northern economy.

All levels of government benefited from tourism spending in the North as it generated, province-wide, \$485 million in taxes for all levels of government.

With respect to resource-based tourism, a total of \$1 billion in sales was generated throughout the province in order to meet the demand of these tourists, 59.7% of which was retained in the North. The higher retention rate associated with the spending of resource-based tourists is primarily attributable to the fact that most of this spending **is applied to the purchase** of goods and services produced locally in the North (primarily accommodation services).

Table 5
The Economic Impact of Tourism & of Resource-Based Tourism in the North - 1996
(\$Millions)

Economic Impact Item	Total Northern Tourism		Resource-Based Tourism	
	Province-wide Impacts	Impacts Retained in the North	Province-wide Impacts	Impacts Retained in the North
Tourism Spending in the North	\$1,163	\$1,163	\$462	\$462
Transportation Spending in Other Parts of Ontario by Visitors to the North in order to Get There	\$68		\$26	
Total Spending	\$1,231	\$1,163	\$488	\$462
Total Sales (Gross Output)	\$2,613	\$1,509	\$1,032	\$616
Direct	\$1,231	\$1,163	\$488	\$462
Gross Domestic Product (GDP)	\$1,262	\$783	\$510	\$329
Direct	\$576	\$463	\$237	\$199
Wages & Salaries	\$818	\$527	\$327	\$218
Direct	\$411	\$332	\$167	\$140
Total Employment (jobs)	42,334	32,893	18,294	14,770
Direct (jobs)	26,458	23,842	11,919	11,030
<i>Total Employment As A % Of North's Employment</i>	N/A	8.8%	N/A	3.9%
<i>Direct Employment As A % Of North's Employment</i>	N/A	6.4%	N/A	2.9%
Total Taxes	\$485	N/A	\$192	N/A
Federal	\$226	N/A	\$89	N/A
Provincial	\$186	N/A	\$71	N/A
Municipal	\$73	\$52	\$33	\$25

Source: T.R.E.I.M, MEDTT's economic impact model

Resource-based tourists' spending generated 11,030 direct jobs in the North and an additional 889 of direct jobs in other parts of Ontario. The total employment impact of these tourists was 18,294 jobs province-wide (80.7% of which were retained in the North). The direct employment impact of resource-based visitors accounted for 2.9% of the North's employment, while the total impact (direct, indirect and induced) that was retained in the North accounted for 3.9% of the region's employment.

The total impact of these resource-based visitors' spending generated, province-wide, \$192 million in taxes for all levels of government, 54% of which were provincial and municipal taxes.

3. EMPLOYMENT BY SECTOR IN NORTHERN ONTARIO

EMPLOYMENT IN NORTHERN ONTARIO, Selected Industries, 1996

Industry Group	Employment	% Of North's Employment
Agriculture, Fishing & Trapping ¹	4,905	1.3
Finance & Insurance ²	8,555	2.3
Real Estate Operator & Insurance Agent Industries ³	6,646	1.8
Utilities & Communication Industries ⁴	10,226	2.7
Resource-Based Tourism*	11,030	2.9
Other Tourism*	12,812	3.4
Total Tourism*	23,842	6.4
Mining and Related Manufacturing ⁵	24,571	6.6
Other Transportation & Storage ⁶	16,271	4.3
Construction ⁷	18,261	4.9
Other Manufacturing ⁸	19,373	5.2
Federal, Provincial & Local Government ⁹	27,278	7.3
Logging & Forestry Industries ¹⁰	5,484	1.5
Wood Industries (Primary) ¹¹	7,948	2.1
Pulp & Paper Industries ¹²	16,896	4.5
Total Forest Products & Services Industries	30,328	8.1
Wholesale ¹³	11,075	3.0
Other Retail ¹⁴	48,853	13.1
Business Services ¹⁵	10,939	2.9
Educational & Health and Social Service Industries ¹⁶	73,678	19.7
Other Service Industries ¹⁷	39,423	10.5

Source: Labour Force Survey, Statistics Canada, special run, May 1997;

*Source: Tables 3, 4 and 5 of this paper.

¹ SICs: 11-33;

² SICs 701-749;

³ SICs 751-761;

⁴ SICs 481-499;

⁵ SICs 61-92, 351, 352, 353, 354 and 355

⁶ SICs 451-479, 992 and 996, excluding the transportation employment attributed to tourism;

⁷ SICs 401-449;

⁸ SICs 101-399, excluding those already counted under Mining and Forestry;

⁹ SICs 811-841;

¹⁰ SICs 41 and 51;

¹¹ SICs 251, 252 and 259;

¹² SICs 271;

¹³ SICs 501-599;

¹⁴ SICs 601-692, excluding the employment accounted for by tourism;

¹⁵ SICs 771-779;

¹⁶ SICs 851-869, excluding 855 which was moved to Amusement and Recreation;

¹⁷ SICs 911-999, excluding 992 and 996 and including 855; it also excludes the employment accounted for by

tourism.