

Tourism Sector Monitor ♦ October 2005

Room Revenue

Room revenues continued to slump (-0.6%, *seasonally adjusted*) in July with revenues declining in four regions, including the two largest—Mainland/Southwest (-1.7%), and Vancouver Island/Coast (-0.5%), which account for about 70% of the provincial total. The northern regions of the province were also slower in July, but revenues were up in the rest of BC. Nechako (+5.1%), Cariboo (+4.5%), Kootenay (+4.2%) and Thompson-Okanagan (+1.0%) all recovered after slipping in June.

Room revenues slipped in July

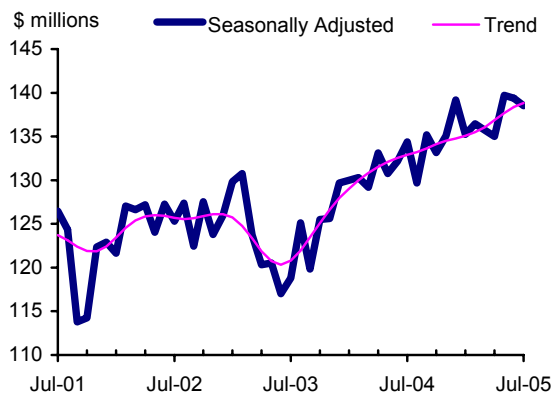


Table 1. Room Revenue
(*seasonally adjusted*)

Accommodation Type			
	July 05 (\$000)	June 05 (\$000)	% change
Total	138,497	139,375	-0.6
Hotels	102,349	103,244	-0.9
Motels	17,712	17,221	+2.9
Other Accommodations	19,650	19,763	-0.6
Regions (Top 3 performers)			
Nechako	802	764	+5.1
Cariboo	4,426	4,236	+4.5
Kootenay	6,827	6,550	+4.2

Hotels, especially big hotels (-2.1%, 250+ rooms) were not as busy in July. Revenues at midsized hotels were flat, while smaller properties (1-75 rooms) posted declines. However, motel operators fared better (+0.9%). Revenues for other types of accommodations were also off in July.

Visitor Entries

Visitor entries to Canada through BC border crossings continued to decline (-0.9%, *seasonally adjusted*) in July with fewer visitors from all areas except Europe (+0.3%). Entries from the US were down 0.8% and overseas visits decreased largely because Asian entries were weak, with fewer visits from most Asian countries.

The number of Canadians re-entering the country through BC borders decreased (-2.6%) in July, after falling 3.0% in June.

Visitor entries continued to decline

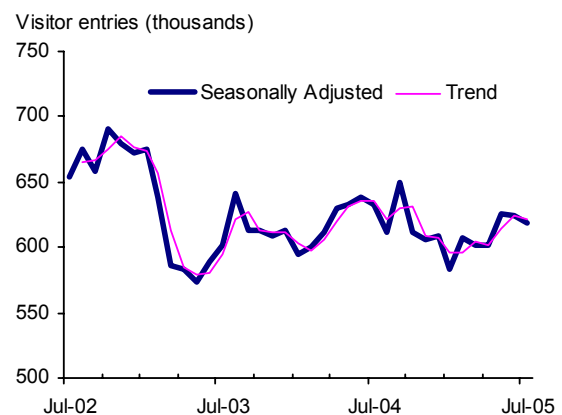


Table 2. Traveller Entries
(seasonally adjusted)

	Jul-05 (‘000)	Jun-05 (‘000)	% chg from Jun-05
American visitors			
Total	489	493	-0.8
Same-day	195	202	-3.2
Overnight	291	289	0.6
Overseas visitors			
Total	127	128	-1.2
Europe	42	42	0.3
UK	21	22	-4.2
Asia	63	64	-0.8
Japan	22	23	-5.7
Taiwan	8	8	3.2
Oceania	14	14	-0.9

Note: Total Overseas visitors is not equal to the sum of visitors from Europe, Asia and Oceania since it includes other areas

Other Indicators

Other tourism indicators were generally weak in July.

The occupancy rate in BC hotels was down 0.6%, but room prices increased 0.3%.

The Consumer Price Index for traveller accommodation fell (-0.7%) for the sixth consecutive month. Passenger traffic at the Vancouver airport was unchanged from June, but traffic through Victoria decreased 3.3%. Fewer passenger vehicles (-0.2%) passed the toll booth of the Coquihalla highway in July. In addition, both vehicle (-1.1%) and passenger (-1.4%) volumes aboard BC Ferries continued to fall.

The cost of restaurant food dipped (-0.1%) in July. Although there was a decline in sales at BC drinking places (-2.7%), sales at food services establishments (+0.2%) edged up and overall restaurant, caterer and tavern receipts were unchanged in July.

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Jul-05	Jun-05	Change from Jun-05
Hotel Industry			
Occupancy rate	63.8		-0.6 pp.
Average room charge	117.70		0.3%
<i>(Pannell Kerr Forster)</i>			
Airport Passengers (000s) (%)			
Vancouver International Airport			
Total traffic	1,372		0.0
US (trans-border)	330		0.3
Other International	342		0.8
Canada (domestic)	700		-0.5
<i>(YVR)</i>			
Victoria International Airport			
Total traffic	106		-3.3
<i>(Victoria Airport Authority)</i>			
Restaurant Receipts (\$ millions) (%)			
All establishments	518		0.0
Food service	472		0.2
Drinking places	46		-2.7
<i>(Statistics Canada)</i>			
Transportation (000s) (%)			
Coquihalla Highway			
Passenger Vehicles	223		-0.2
<i>(Ministry of Transportation & Highways)</i>			
BC Ferries			
Vehicle Volume	708		-1.1
Passenger Volume	1,792		-1.4
<i>(BC Ferries)</i>			
Exchange Rates Cdn \$			
US \$	0.818		0.01
UK Pound	0.467		0.02
Japanese Yen	91.567		3.89
Australian \$	1.087		0.04
<i>(Statistics Canada)</i>			

Note: pp. percentage points

Note to readers: all data in the *Tourism Sector Monitor* are reported on a **seasonally adjusted** basis.

A look ahead

Room Revenue

Preliminary numbers suggest that room revenues continued to slip (-0.5%, *seasonally adjusted*) in August as seven out of eight regions lost ground.

Hotel revenues edged up 0.1% in August. Although big hotels (+1.4%, 250+ rooms) had a better month, midsized (-0.4%, 151-250 rooms) and small (-2.4%, 1-75 rooms) hotels were not as busy in August. Room revenues were unchanged at hotels with 76-150 rooms and at non-standard accommodation, including fishing lodges, bed and

breakfasts and other short term accommodations. Motels (-7.1%) saw a large drop in their receipts in August.

Visitor entries were also off (-1.8%, *seasonally adjusted*) in August as fewer visitors came from the US (-1.5%) and overseas (-2.8%).

Passenger traffic dropped at the Vancouver airport (-1.8%), but Victoria's airport (+0.5%) was busier in August. There were also more passengers (+0.8%) and vehicles (+0.4%) aboard BC Ferries.

About preliminary numbers

Companies file their hotel room taxes with varying delays. The initial data retrieved by BC Stats may be revised considerably over the following months. BC Stats reports room revenues with a three-month lag. For example, data for January are not reported until April. However, we also briefly report "preliminary data" with a two-month lag.

How accurate is the preliminary data? Over 17 reports in 2003 and 2004, room revenues changed (rose or fell on a month-over-month basis) on average by 2.7% (absolute value). The preliminary numbers—reported in the "look ahead" section—were off by an average of 0.5 percentage points. This represents a margin of error of 19%. For example, if the preliminary figure is 1.3%, the actual number probably ranges from 1.1% to 1.5%.

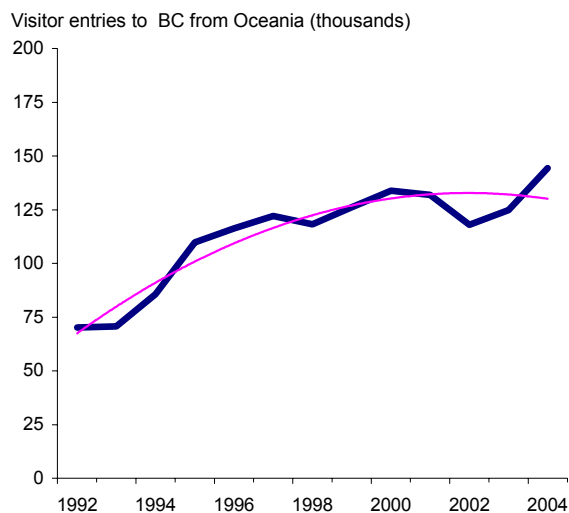
Special Focus: Oceania a small but growing market for BC

Entries from Oceania have more than doubled since 1992

BC welcomed 144,300 visitors from Oceania (Australia, New Zealand and other parts of the South Pacific) in 2004. This was 15.6% more than in 2003, and represented the second year of solid gains in entries from this region.

Oceania is not a major tourism market for BC—only 10% of entries from overseas are from countries in this region, but it is becoming more important. Between 1992 and 2004, the number of visitors entering BC from Oceania has more than doubled, and the region's share of overseas entries has risen from about nine percent in the early 1990s to more than ten percent in the last two years.

Entries from Oceania have doubled since 1992



Data Source: Statistics Canada

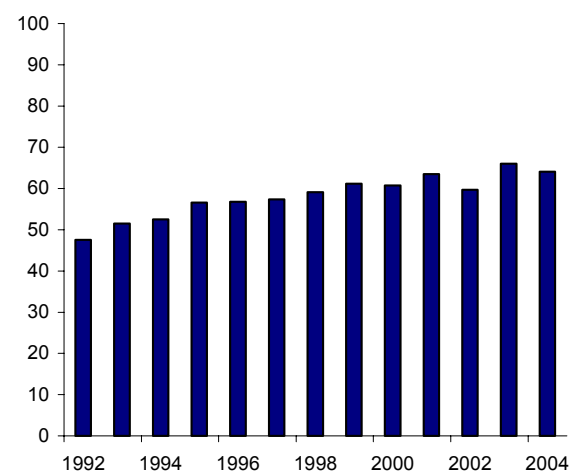
The growth in visitor entries from Oceania (+105% since 1992) is quite phenomenal, outpacing even the rapid increase in entries from Asia (+91%) that has occurred since the early 1990s. Total overseas entries expanded 81% during this period, and entries

to BC from Europe were up 53%. Last year, entries from the US, the biggest source of visitors to BC, were only 33% higher than in 1992. This suggests that a growing number of visitors from the South Pacific view Canada, including the western regions of the country, as a desirable tourist destination. There is some evidence to support the view that interest in travel to Canada is growing—in 2004, residents of New Zealand identified Canada as the 13th most popular travel destination, ahead of other favoured nations such as France, Italy and Germany.

One factor contributing to the solid growth in entries from the South Pacific may be that Vancouver is Canada's west coast point of entry, and many travellers from Oceania enter the country through the Port of Vancouver. The Vancouver airport is a hub for travel from the far east, and this may explain some of the growth since a large share of Canadian entries from Oceania (60%) are recorded in BC. The province's share of total entries from Oceania has been climbing—the percentage grew from 48% in 1992 to 64% in 2004.

More Oceania travellers enter Canada via BC

Entries to BC from Oceania as a % of Canadian total



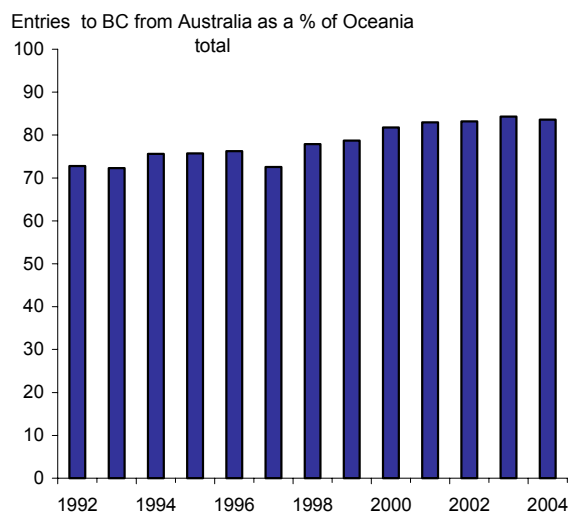
Data Source: Statistics Canada

Six in ten visitors from Oceania used BC as their point of entry to Canada in 2004. There were 144,300 entries from Oceania in 2004, which was up 15.6% compared to 2003. People from Oceania continued to show their interest in BC in 2005, a total of 112,500 people took trips to Canada via BC in the first eight months of 2005, up 11.3% compared to the same period of 2004.

In 2004, Canada welcomed 225,200 people from Oceania, up 19.2% from the previous year. This showed a strong recovery from a downward trend experienced since 2001. The downturn was exacerbated by the events of 9/11 and the subsequent safety, security and health concerns. A recent economic recovery has improved consumer confidence in Oceania markets, resulting in increased demand for travel and tourism to Canada. Visits to Canada from Oceania reached a historic high of 33,984 in June 2005.

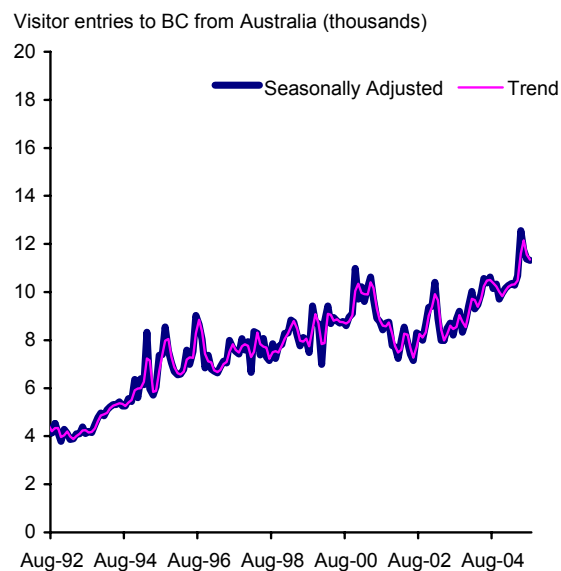
More Australians came to BC in 2004

Australia is the biggest source of visitor entries from Oceania



Data Source: Statistics Canada

Entries to BC from Australia more than doubled since 1992



Data Source: Statistics Canada

Australians are the biggest source of visitors—more than 80% of entries from Oceania to BC are from Australia. More than 120,600 Australian visitors entered directly via BC, 14.6% more than in the previous year. In May 2005, BC welcomed 19,600 (*seasonally adjusted*) travellers from Australia, the highest monthly total on record. The province's share of total entries from Australia has been climbing—the percentage grew from 74% in 1992 to 82% in 2004.

Despite many economic stumbling blocks around the world in the last decade, Australia has maintained fairly steady economic growth. This economic stability has been beneficial to Canada as overnight trips from Australia have increased on average by 5.5% in the last ten years (Canadian Tourism Commission, 2004).

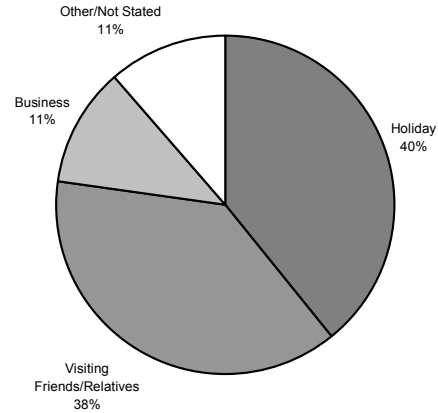
On the heels of an economic rebound accompanied by a favourable exchange rate, Australian travel to Canada grew to 185,100 in 2004.

Significant growth in the number of visitors from New Zealand to BC in 2004

Among all of the provinces, BC is the most attractive region for people from New Zealand – approximately six in ten visitors from New Zealand entered Canada via BC. There were 22,200 entries in 2004, up 21.1% compared to the previous year. In addition, visits from New Zealand were up 14.5% during the first eight months of 2005, relative to the same period of 2004. However, New Zealand represents a smaller share of total Oceania entries to BC, which went down from 24% in 1992 to 15% in 2004.

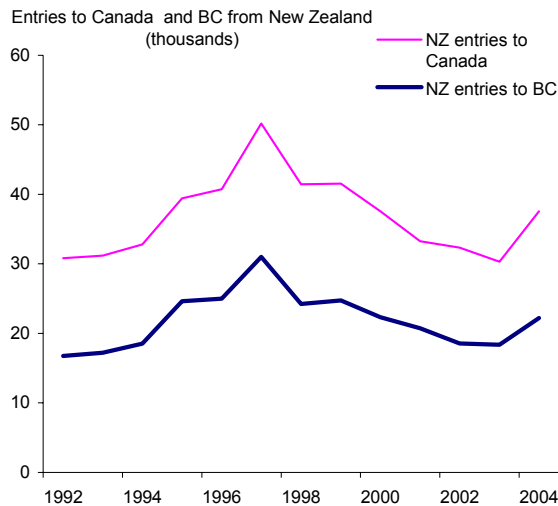
New Zealand, as the second most important Oceania market for Canada, experienced double-digit growth (23.9%) in 2004 – more than 37,500 New Zealand travellers visited Canada.

Characteristics of New Zealand Resident Travellers to Canada



Data Source: Statistics New Zealand

Travel from New Zealand to BC picked up in 2004



Data Source: Statistics Canada

According to Statistics New Zealand, in 2004, pleasure trips to Canada rose about 10%, of which 39% of visits to Canada were for vacation and holiday purposes, while 38% of New Zealand travellers came to Canada to visit relatives or friends.