



**Department of Tourism, Culture and Recreation
 Backgrounder
 Year-End Provincial Tourism Performance 2004 and Outlook 2005**

Highlights:

- To the end of December 2004, there were an estimated 449,300 non-resident visits to Newfoundland and Labrador and an estimated \$330 million in tourism expenditures in the Province. Despite a soft start and a mixed picture in the Province's regions, Newfoundland and Labrador showed an improved performance overall in tourism in 2004 compared to 2003. Non-resident visits increased 6 per cent and non-resident expenditures rose 10 per cent.

Table I Summary of Estimates* of Non-Resident Tourism Visitation and Expenditures All Modes Newfoundland and Labrador 2003, 2004				
Mode	2003		2004	
	Visits	Expenditures \$M	Visits	Expenditures \$M
Auto	140,400	\$74.2	126,200	\$66.6
Air	269,900	\$224.7	305,400	\$262.1
Cruise	14,100	\$1.0	17,700	\$1.3
Total	424,400	\$299.9	449,300	\$330.0
Source: Department of Tourism, Culture and Recreation, Strategic Planning and Policy Division. Notes: (All modes) subject to revision pending more results from exit survey program annual estimates				

- While Marine Atlantic traffic was down from 2003 volumes, both airport and cruise traffic have increased. Passenger movements in and out of the province by air account for the **largest share** of all traffic movements annually.
- Ferry passenger traffic was down 8 per cent for the year and non-resident auto declined 10 per cent. To the end of December 2004, airport passenger movements were up 13 per cent. With double digit increases at St. John's Airport, strong increases at Deer Lake and increases also at Happy-Valley Goose Bay and Wabush, non-resident visits overall will increase over 2003.
- This overall provincial increase in non-resident visitation is thanks largely to a more competitive airline industry which has also translated into a record convention year which reported a 40 per cent increase in 2004. The cruise industry in 2004 is reporting nearly double the number of port calls received in 2003 and passenger visits were up 25 per cent.
- Newfoundland and Labrador's regions reported a more mixed picture. Some areas of the province

benefitted from strong growth in air and cruise visitors, while other regions that are more dependent on auto travel experienced declines. Declining auto visits were also reflected in lower visitation at Newfoundland and Labrador's historic sites, museums, Visitor Information Centres and public and commercial campgrounds.

- Tourism inquiries remained strong, and reached 78,000 during 2004. These inquiries were up 1 per cent per cent over last year indicating continued interest in our destination.

Background:

- For Newfoundland and Labrador, as in other parts of Canada, there has been high volatility and uncertainty in the marketplace over the past few years where a number of significant events (including post-9/11 impacts, SARs, West Nile Virus, BSE, power failures and forest fires) meant fewer visitors to Canada and some of its regions.
- Destinations in Atlantic Canada and elsewhere in the country did not see tourism rebound as strongly as they had hoped in 2004. While the direct impacts of past global events lessened, consumer enthusiasm for travel remained subdued both in the US and Canada but is expected to rebound more strongly in 2005 where early signs of the tourism recovery are encouraging. In Canada, the National Tourism Indicators for the third quarter of 2004 indicate that tourism expenditures reached \$19.6 billion, an increase of 8.2 per cent over the same quarter in 2003.

Province	2003		2004	
	Visits	Expenditures \$M	Visits	Expenditures \$M
Prince Edward Island	1,100,000	\$347	979,000	\$309
Nova Scotia	2,140,000	\$1,270	2,204,000	\$1,308
New Brunswick	1,868,000	\$1,200	1,775,000	\$1,140
Maritime Provinces Average	1,703,000	\$939	1,653,000	\$919
Source: Province of Nova Scotia, New Brunswick, Prince Edward Island, ACOA/Tourism Atlantic and Department of Tourism, Culture and Recreation calculations.				
Note: Data are estimates and subject to change at source.				

- A number of factors were seen to have dampened the enthusiasm of discretionary travellers in 2004. These include: the high value of the Canadian dollar, economic and business cycles, escalating gas prices, transportation costs, border security/border waits, the changing habits of consumers, the US election and the weather. These were national trends and not restricted to this province alone.
- Newfoundland and Labrador tourism faced a number of challenges of its own in 2004. Some of these were ongoing issues, for example, the size and reach of our marketing budgets *vis á vis* our competitors, the continuing decline in marine traffic, high fuel costs and issues around the Gulf ferry service which are being examined through a special Marine Atlantic Advisory Committee. Others such as lengthy strikes involving both provincial and federal workers had an impact on both resident and non-resident travel.

Early Outlook 2005:

- There are some encouraging signs that a recovery of demand may be ahead. A positive economic climate and pent-up demand could bolster the outlook for leisure travel in Canada and the Atlantic Provinces in 2005.
- The Conference Board of Canada is reporting that consumer enthusiasm for travel is expected to rebound more strongly in 2005 where early signs of the tourism recovery are encouraging and winter travel intentions are strong.¹ According to the Conference Board's latest research for the summer of 2005, the strong dollar is motivating outbound travel of Canadians (especially to the US) but the domestic outlook for Canadian travel looks stable and overall consumer confidence is supporting a positive outlook.
- Canadians remain upbeat about their prospects for jobs and economic growth over the next six months, although the Conference Board has reduced its forecast for real economic growth for Canada to 2.5 per cent in 2005. Rising interest rates may have curtailed discretionary spending, especially on large-ticket items but these rates are expected to hold. While the relative strength of the Canadian dollar *vis á vis* the US dollar and high energy prices will continue to have an impact in 2005, the domestic leisure market is expected to hold its own.
- Of those Canadians polled by the Conference Board in December 2004, 69 per cent said that they planned to take a summer trip in 2005 and of these, 66 per cent indicated they planned to remain in Canada. While Ontario, Quebec, British Columbia and Alberta were the top-ranked provinces in order of preference, Newfoundland and Labrador was next, leading the other Atlantic Provinces and the remaining provinces and territories.
- Newfoundland and Labrador's abundant natural and cultural assets and diverse and unique products are finding highly receptive markets, as confirmed by our growth. As outlined in the recent Product Development Study, *Special People, Special Places*, targeted efforts to refresh and enhance existing products and key infrastructure will make the Province more market ready and lead to increased visitation and yield, especially by building on successful tourism clusters and extending seasons. The opening of the Rooms in 2005 signals a positive message about the quality, value and visibility of the province's tourism offerings.
- Nature and cultural heritage destinations are growing in popularity and Newfoundland and Labrador fits well into this niche. The maturing of the adventure tourism sector, new product offerings, upgraded web-based provincial tourism services and new trade initiatives will help meet the needs of the aging and increasingly wealthy, well-educated population in North America which has a higher propensity to travel as well as a thirst for new destinations.
- Newfoundland and Labrador will continue to benefit from these trends. The conditions are ripe: incomes in North America are growing; more older people are travelling; destinations such as Newfoundland and Labrador are increasingly sought after for their intrinsic qualities and worldwide conditions continue to favour domestic venues in 2005. also added to destination awareness. New properties in Newfoundland and Labrador are also indicators of continued strong market growth.

Year-End Key Travel/Tourism Indicators:

Note: *All indicators for 2004 are compared to the same periods of time in 2003.*

¹ See Conference Board of Canada, *Winter Travel Intentions* (Conference Board: Fall 2004). See also Conference Board of Canada Members Briefing, *Summer 2005: Our First Look* (Conference Board, January 2005).

Marine Atlantic:

- Overall passenger traffic on the Marine Atlantic Ferry System decreased 8 per cent covering the period from January to December 2004, compared to the same period in 2003. Vehicle traffic on the Marine Atlantic Ferry System decreased 9 per cent during the same period.
- Non-resident automobile visits decreased 10 per cent in the period January to December 2004, compared to the same period in 2003. This includes declines of -16 per cent from Ontario, -8 per cent from the Maritimes, -8 per cent from Quebec, -10 per cent from Western Canada and -5 per cent from the United States.
- Residents traveling outside the province via Marine Atlantic decreased 6 per cent during the months of January to December 2004, compared to the same period in 2003.
- Exiting bus traffic on the Marine Atlantic Ferry System increased 6 per cent between May and October (+11 buses) 2004, compared to the same period in 2003.

Airports:

- Airport passenger movements at the province's seven major airports increased 13 per cent during the months of January to **December** 2004, compared to the same period in 2003. Only Stephenville Airport reported a decline.
- Car rental revenue at the St. John's airport increased 2 per cent during the months of January to December 2004, compared to the same period in 2003.

Cruise:

- Cruise ship passenger visits have almost doubled those during the 2003 cruise season. A total of 142 port calls were made in 2004 almost double the number recorded during the 2003 cruise season. Passenger visits increased 25 percent to 25,401.

Accommodation *Occupancy: (**based on available data, subject to change pending additional filing by operators*). Please see the Regional Summary for statistical tables.

- Roofed accommodation occupancy rates in the province for the period from January to December 2004 were 46%, on par with 2003.
- The Avalon and Labrador regions of the province are on par compared with 2003 (Avalon 59% ; Labrador at 39%).
- Other regions of the province are down for the same time period (Eastern down to 40% from 43%; Central down to 36% from 39% and Western down to 39% from 40%).
- Room night sales in St. John's, as measured by the Avalon Convention and Visitor Bureau (ACVB), increased 8% during 2004.
- Preliminary data indicate commercial campground occupancy rates are down significantly from the same time last year : 25% vs 31% for May to October 2003, 2004 respectively.

Visitor Information Centres:

- Visitors to the Provincial Visitor Information Centres reached 108,138 during the months of May to mid-October 2004, compared to the same period in 2003. This is a decrease of -21 per cent over last season. The number of visits reported during the 2004 operating season was the lowest level recorded during the past 10 seasons.

- All seven chalets operated by the province recorded decreases in visitation during the 2004 season. The overall decrease is due in part to the significant decrease (-8 per cent) of Marine Atlantic traffic during the summer and in part to the shorter operating season.

Provincial Historic Sites:

- Provincial Historic Sites received 54,620 visitors and 488 groups between the month of June and mid-October 2004, down -11 per cent when compared to the same period in 2003. Eight of the 10 sites reported a decline. However, it should be noted that the PHS opened five days later this year.

Provincial System of Museums:

- Visits to the Provincial Museum of Newfoundland and Labrador (St. John's) decreased 49 per cent overall for the months of 2004 operating season, compared to the same period in 2003. This was due to a number of extraordinary circumstances which occurred in 2004.² Overall, visitation to the all museums within the Provincial System of Museums declined -24 per cent. Only the Logging Museum in Grand Falls registered an increase, that of 8 per cent (for the operating season May to September). Other museums were as follows:
 - Visits to the Mary March Provincial Museum decreased -1 per cent for the operating season May to October 2004, compared to the same period in 2003.
 - Visits to the Provincial Seamen's Museum decreased -4 per cent for the operating season May to October 2004, compared to the same period in 2003.

Provincial Parks and Reserves:

- There were 56,413 camping units registered for the 2004 season, down 3 per cent over 2003. Only Butter Pot, La Manche (both on the Avalon) and Pistolet Bay (St. Anthony area) showed increases in 2004. The remaining 10 parks reporting declines. The breakdown by region is as follows:
 - Avalon Region 21,278 camping units registered, up 6% per cent in 2004, compared to the same period in 2003.
 - Eastern Region 7,034 camping units down 3 per cent in 2004, compared to the same period in 2003.
 - Central Region 8,580 camping units, down 8 per cent in 2004, compared to the same period in 2003.
 - Western/Labador Straits Region, 19,521 camping units, down 10 per cent in 2004, compared to the same period in 2003.
- Cape St. Mary's Ecological Reserve reported 16,236 visitors in 2004, **down 27 per cent** from 2003.

National Historic Sites:

- Parks Canada experienced a series of rotating strikes for the period August 13, 2004 to October 12, 2004. All sites (as available) reported declines in August visitation. Signal Hill and Cape Spear data are not yet available. Available data are as follows:
 - Visits to Red Bay reached 9,738 visitors in 2004, down 7 per cent from 2003 (operating season June to September)
 - L'Anse aux Meadows reached 32,942 visitors in 2004, down 3 per cent from the same period in 2003
 - Port aux Choix recorded 10,504 visitors in 2004, down 25 per cent from the same period

² The Provincial Museum of Newfoundland and Labrador located in St. John's is open from January to December. 2004 visitation levels were impacted by a number of factors including a closure related to a cancelled move to a new facility. The Rooms (January to March), the unpacking of the collection in May and the public service strike in April. The operating seasons of other facilities within the system vary.

- in 2003
- Visits to Hawthorne Cottage reached 3,815 visitors, down 23 per cent from last year
- Visits to the Ryan Premises reached 7,549 visitors, down 11 per cent from 2003 levels
- Castle Hill: 12,316 visitors, down 25 per cent from 2003 levels

National Parks

Gros Morne

- Camper nights from May to October reached 12,273, down 18 per cent compared to the same time period in 2003.
- Visitation to the Discovery Centre, Lobster Cove Lighthouse and Broom Point are down from levels achieved in 2003 (-14 per cent, -14 per cent and -28 per cent respectively for period ending October.
- Visitation to the Visitor Centre has increased 7 per cent for the period ending October 2004, compared to the same period in 2003.
- The boat tours at Western Book Pond and Trout River are down 4 per cent for the season from May to October 2004, compared to the same period in 2003.

Terra Nova:

- Camper nights from May to October reached 14,306, down 22 per cent compared to the same time period in 2003.
- Visitation to the Marine Centre and the Activity Centre are down from levels achieved in 2003 (--17 per cent and -45 per cent respectively for the period ending October.

Colony of Avalon (Ferryland)

- Visits to Ferryland for the period May to October 2004 decreased 1 per cent compared to the same period in 2003.

Arrivals from St. Pierre and Miquelon (SPM):

- Direct arrivals at the St. John's airport by residents of SPM decreased 6 per cent for the period January to December 2004, compared to the same period in 2003.
- Direct arrivals at Fortune by residents of SPM decreased 8 percent for the period May to October 2004, compared to the same period in 2003.

Skier Visits (Marble Mountain):

- Skier visits at Marble Mountain reached 75,249 during the 2003/2004 ski season, an increase of 7% over the previous year.

***A summary table of Selected Provincial Indicators is attached.**

	2002	2003	2004	% Change 02/03	% Change 03/04	% Change 02/04
Marine Atlantic Ferry Service (Both Directions)						
Passengers Carried	528,972	457,228	419,199	-13.6	-8.3	-20.8
Passenger Related Vehicles	172,726	151,188	137,280	-12.5	-9.2	-20.5
Commercial Related Vehicles	79,092	81,169	85,668	2.6	5.5	8.3
Non-Resident Auto Visitors	161,442	140,401	126,194	-13.0	-10.1	-21.8
Residents Exiting by Auto	101,036	86,941	81,421	-14.0	-6.3	-19.4
Airport Passenger Movements	1,314,073	1,384,773	1,558,488	5.4	12.5	18.6
Occupancy Levels (St. John's)	69.3	70.5	68.0	1.7	-3.5	-1.9
Information Centres	137,139	126,701	100,138	-7.6	-21.0	-27.0
Car Rental Revenue (St. John's Airport)	\$9,383,240	\$11,454,405	\$11,699,156	22.1	2.1	24.7
Exiting Buses	237	193	204	-18.6	5.7	-13.9
Cruise Ship Passenger Visits	25,410	20,351	25,401	-19.9	24.8	0.0

Notes:

1. Passengers carried by Marine Atlantic covers the period January to December.
2. Passenger related traffic carried by Marine Atlantic covers the period January to December.
3. Commercial related traffic carried by Marine Atlantic covers the period January to December.
4. Non-resident Auto covers the period January to December.
5. Residents exiting by Automobile covers the period January to December.
6. Airport passenger movements at the province's seven major airports covers the period January to December
7. Occupancy levels for St. John's covers the period January to December.
8. Information Centres covers the period May to mid October.
9. Car Rental Revenue at the St. John's airport covers the period January to December.
10. The number of exiting buses covers the period May to October.
11. The number of cruise ship passengers covers the cruise season.