

## Attention News/Business/Travel Editors:

### Tourism industry recovery has stalled

Renewed government investment cited as key to regaining momentum

TORONTO, Feb. 1 /CNW/ - The tourism industry in Toronto, and across Canada, is once again facing uncertainty, as the recovery from a disastrous 2003 has largely stalled, the Greater Toronto Hotel Association (GTHA) reported today. GTHA President Rod Seiling, along with Bruce MacMillan, President and CEO of Tourism Toronto, expressed the need to rebuild momentum.

"We had seen some tremendous progress in the last two years, but recently the tourism numbers are less promising," Seiling said. "Unless action is taken now, we not only risk losing the gains we have made, but we could slide backwards."

Using hotel occupancy as a statistical gauge of how well the city is doing in attracting visitors, Seiling noted that occupancy in Toronto hotels is projected at 67% in 2005 - a one percentage point increase over 2004, and well above the dismal 58% occupancy recorded in 2003. However, the 2005 figures are still below 2000 levels (when Toronto hotels were 71% full) and occupancy is forecast to decline to 66% in 2006.

Both Seiling and MacMillan attributed Toronto's sluggish tourism performance to an ongoing decline in visitors from the United States.

"While we have expanded our international markets, our historical bedrock of border-state visitors has been softening for five years," MacMillan said.

"We have taken some important steps right here in Toronto to put ourselves in

the best position to adapt to these new market realities. But the emerging challenges - border security, fuel costs and currency exchange - go beyond Toronto and are national issues."

The provincial government's \$30 million Ontario Tourism Revitalization Program was cited as a key factor in building tourism momentum following the lows of 2003. The program ended in 2005, and Seiling emphasized the need for renewed government investment - both provincially and federally - to support tourism prosperity.

"This is a clear case where government investment leads directly to increased revenues - as much as \$11 for every dollar invested, including government taxes - and more jobs," Seiling said. "The tourism recovery fund made a huge difference in marketing Toronto, and the result was a significant jump in visitors. We need that help again."

Marketing is especially crucial in reversing the decline in short-haul U.S. travel to Canada, he added.

"Logistical issues, such as border crossing hassles and security requirements, have been identified as problems and steps are being taken to resolve them, but there is still the bigger issue of influencing travel decisions. Americans need to know why they should come to Canada, and you need intensive, targeted marketing strategies to answer that question for them," he said.

Seiling also released results of a recent Economic Impact Analysis, conducted by PKF Consulting on behalf of the GTHA. The study concluded that the hotel industry continues to play a vital role in Toronto's economy.

Among PKF's findings:

- The Greater Toronto hotel sector generated \$2.2 billion in economic activity in 2004.
- Toronto-area hotels generate 30,776 full-year equivalent jobs. Total wages and salaries paid in 2004, either directly or indirectly, by Greater Toronto hotels, totalled \$668 million.
- Total taxes generated for all levels of government attributed to the Greater Toronto hotel industry were \$682 million (\$332 million in federal taxes, \$252 million in provincial taxes and \$97 million in municipal taxes).

"Obviously, hotels make a tremendous contribution to the economic well-being not just of the city, but of the province and the country as well," Seiling said. "We saw the devastating effects on jobs and revenue as hotels struggled in 2003, and we need to make sure that doesn't happen again."

The voice of Toronto's hotel industry, the Greater Toronto Hotel Association represents more than 160 hotels, with approximately 34,000 guest rooms. Founded in 1925, the GTHA enables competing hotels to work together on issues of public policy and charitable ventures, provides information and service to its members, and advocates to raise their profile and prosperity as a vital component of Toronto's tourism industry.

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