

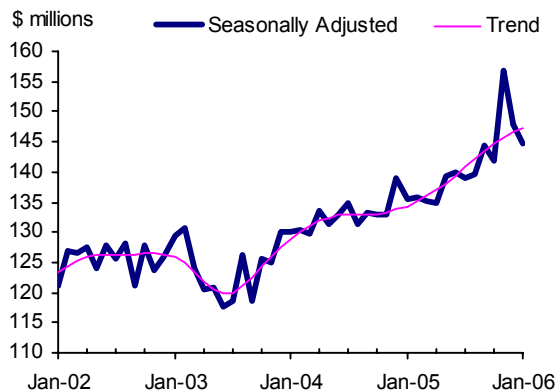
Tourism Sector Monitor ♦ April 2006

Room Revenue



After falling (-5.6%, *seasonally adjusted*) in December, room revenues continued to decrease (-2.0%) in January. Five regions saw revenues decline with the biggest decrease occurring in Northeast (-10.5%), where revenues have dropped for three consecutive months. Cariboo (-7.4%) recorded the first drop in room revenues since September, and North Coast's revenues declined 4.3% in January. Revenues in BC's biggest regions, Mainland/Southwest (-2.0%) and Vancouver Island/Coast (-2.9%), also slid. However, Kootenay (+3.9%) saw revenues grow for the first time since August. Revenues inched up in Thompson-Okanagan (+0.5%) and Nechako (+0.3%).

Room revenues continued to fall in January



Hotels of all sizes experienced virtually no change in revenues in January (+0.1%). Revenues at hotels with 76-150 rooms advanced 0.9%, and large hotels with more than 250 rooms only saw revenues increase marginally (+0.4%). Business at hotels with 151-250 rooms was off (-1.4%). Small hotels continued to experience declines in their room revenues (-0.5%). Business at vacation rentals (-1.9%)

and non-standard accommodations (-0.9%), including fishing lodges, also slipped. However, motels (+1.6%) posted the fifth successive increase since September.

Table 1. Room Revenue (seasonally adjusted)

Accommodation Type			
	Jan 06 (\$000)	Dec 05 (\$000)	% change
Total	144,864	147,862	-2.0
Hotels	108,610	108,516	+0.1
Motels	19,992	19,673	+1.6
Other Accommodations	18,749	19,035	-1.5
Regions (Top 3 performers)			
Kootenay	7,014	6,751	+3.9
Thompson-Okanagan	22,053	21,953	+0.5
Nechako	852	850	+0.3

Visitor Entries

The number of travellers entering Canada via BC borders fell 3.0% (*seasonally adjusted*) in January after increasing in December (+2.0%). This was a result of fewer entries from both the US (-1.8%) and overseas markets (-7.5%).

Americans made fewer same-day (-1.2%) and overnight (-1.2%) trips north of the border into BC. The US accounts for about 80% of all traveller entries into the province.

Asian entries, accounting for about half of total overseas visits, declined 1.5% and entries from Europe (the next biggest source of visitors to BC) slumped (-7.3%) in January, which brought total overseas entries down. The number of travellers from Oceania was also down 7.4%, reaching its lowest level since March 2004.

Canadian entries also slid (-1.2%) in January, as fewer Canadians made same-day trips to the US (-1.4%), but overseas markets attracted more Canadian visitors (+1.5%).

Visitor entries slumped in January

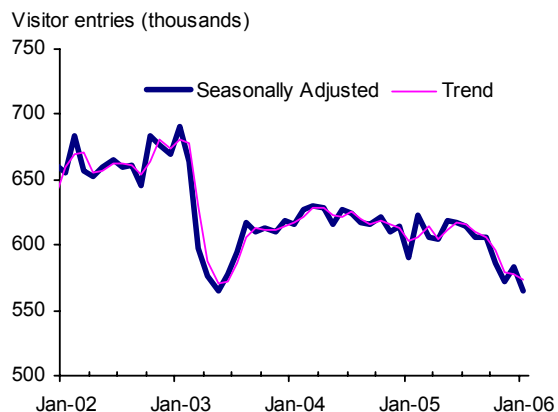


Table 2. Traveller Entries
(seasonally adjusted)

	Jan-06 ('000)	Dec-05 ('000)	% chg from Dec-05
American visitors			
Total	451	460	-1.8
Same-day	178	181	-1.2
Overnight	275	278	-1.2
Overseas visitors			
Total	114	123	-7.5
Europe	37	40	-7.3
UK	17	20	-14.2
Asia	59	60	-1.5
Japan	18	18	1.8
Taiwan	7	8	-12.2
Oceania	11	12	-7.4

(BC STATS & Statistics Canada)

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 gave mixed signals in January.

The occupancy rate in BC hotels climbed 12.1 percentage points (to 78.8%) after decreasing in December. Room prices also increased 3.1% to an average of \$118.

The Consumer Price Index for traveller accommodation fell 2.5%, which was the tenth decrease in twelve months. Passenger traffic was not as heavy at Vancouver airport (-3.5%), but Victoria airport welcomed 5.7% more passengers. BC Ferries recorded fewer passengers (-2.5%) and vehicles (-1.6%) aboard. However, more passenger vehicles (+3.6%) passed the toll booth of the Coquihalla highway.

The cost of restaurant food continued to rise (+0.5%) in January, while sales jumped at both drinking places (+4.6%) and food service establishments (+11.1%). Overall restaurant, caterer and tavern receipts experienced double-digit growth (+10.6%).

Table 3. Other Tourism Indicators
(seasonally adjusted)

	Change from	
	Jan-06	Dec-05
Hotel Industry		
Occupancy rate	78.8	12.1 pp.
Average room charge <i>(Pannell Kerr Forster)</i>	114.10	3.1%
Airport Passengers (000s) (%)		
Vancouver International Airport		
Total traffic	1,315	-2.7
US (trans-border)	335	-4.9
Other International	279	-13.8
Canada (domestic) <i>(YVR)</i>	700	3.7
Victoria International Airport		
Total traffic <i>(Victoria Airport Authority)</i>	118	5.7
Transportation (000s) (%)		
Coquihalla Highway		
Passenger Vehicles <i>(Ministry of Transportation & Highways)</i>	228	3.6
BC Ferries		
Vehicle Volume	725	-1.6
Passenger Volume <i>(BC Ferries)</i>	1,835	-2.5
Exchange Rates Cdn \$		
US \$	0.864	0.00
UK Pound	0.489	0.00
Japanese Yen	99.751	-2.32
Australian \$ <i>(Statistics Canada)</i>	1.151	-0.01

Note: pp. percentage points

A look ahead

Room Revenue

Preliminary numbers suggest that after declining in January, room revenues continued to fall (-1.8%, *seasonally adjusted*) in February. Six regions lost ground with the biggest decrease again occurring in Northeast (-8.8%). BC's two biggest regions, Mainland/Southwest (-1.4%) and Vancouver Island/Coast (-3.0%) also experienced declines in revenues.

Hotel revenues decreased (-2.8%). Revenues at vacation rentals dropped (-9.9%), and business at non-standard accommodations including fishing lodges and bed & breakfasts (-1.7%) were also off in February. Motel receipts continued to increase (+0.3%), recording the sixth increase since August.

Visitor entries continued to decline (-2.4%, *seasonally adjusted*) with fewer visitors coming from the US (-4.3%). However, overseas entries rose 5.2% in February with more visitors from Europe (+2.5%) and Oceania (+3.9%), but fewer entries from Asian markets (-4.8%).

Passenger traffic jumped 8.6% at Vancouver airport, but Victoria airport (-7.4%) was not as busy. In addition, BC Ferries recorded fewer vehicles (-1.2%) and passenger (-0.5%) aboard, and fewer passenger vehicles (-10.3%) travelled on the Coquihalla highway.

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.

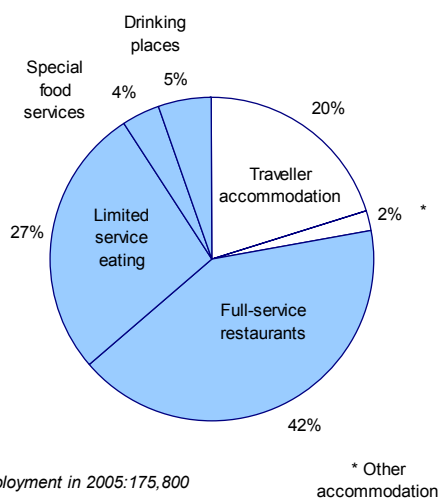
How accurate is the preliminary data? Over 17 reports in 2004 and 2005, BC room revenues changed (rose or fell on a month-over-month basis) on average by 1.7% (absolute value). The preliminary numbers—reported in the "look ahead" section—were less by an average of 0.2 percentage points partly because the initial data retrieved may not be complete until later that month. For example, if the preliminary figure is 1.5, the actual number probably is around 1.7. And if the preliminary figure is -0.5, the actual number is about -0.3.

Special Focus: BC's Labour Market in the Accommodation & Food Services Industry

Higher level of employment at food services & drinking places

In 2005, BC's accommodation & food services industry employed 175,800 people. Food service and drinking places account for eight out of ten jobs in this industry. These establishments provide food, snacks and beverages that are intended for immediate consumption to customers who order them.

Nearly eighty percent of the jobs in this industry are at food services and drinking places



Data Source: Labour Force Survey

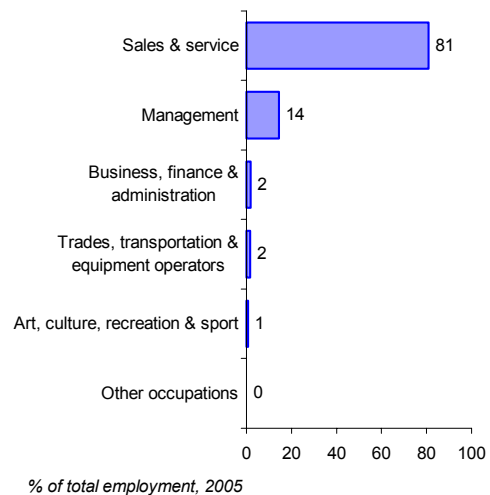
The accommodation industry provides lodging or short-term housing to travellers and other people who are temporarily away from their usual residence. Traveller accommodation includes hotels, motels, lodges and resorts that may offer both accommodation and food services, since many have a restaurant, bar or café onsite.

More workers in accommodation & food services are in sales and service occupations

More than in any other industry, one occupational group dominates the workforce in the accommodation & food services industry. Eight out of ten workers in this industry are in sales and service occupations. Food and beverage servers make up 18% of the total workforce in the industry, while cooks (14%) and cashiers (6%) are other common occupations. Other typical occupations in this group include cleaners and janitors (5%), food service supervisors (4%), chefs (3%), bartenders (3%) and hosts (2%).

After sales and services, restaurant, accommodation and other managers (14%) account for the biggest percentage of the workforce. The remaining 5% are employed in various other occupations.

Eight out of ten workers are employed in sales and service occupations

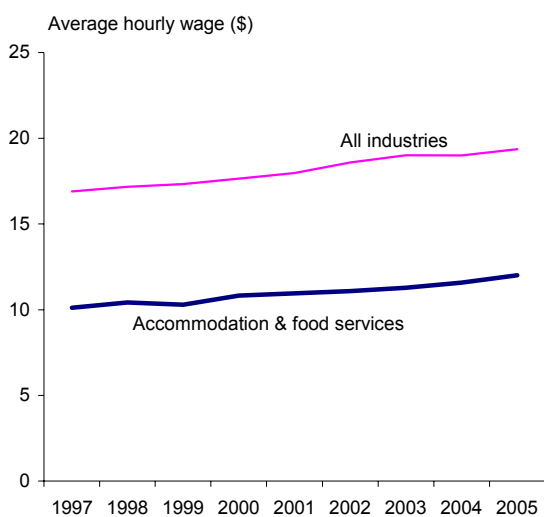


Data Source: Canadian Occupational Projection System estimate

Hourly wages: below average

Hourly wage rates in the industry are quite low, averaging \$12.00 an hour in 2005, just over 60% of the average for all industries in the province. Wages are lowest in food services and drinking places (\$11 an hour). Workers in accommodation services received an average wage of \$14 an hour in 2005. The typical worker spent 32 hours a week on the job.

Hourly wages at the accommodation & food services industry below average



Data Source: Labour Force Survey

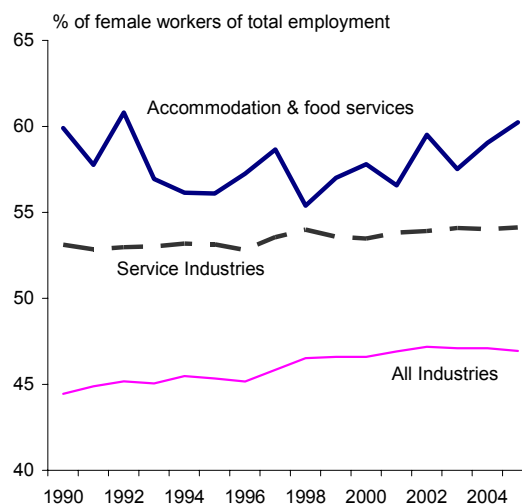
However, wages are not the full measure of earnings for many workers in the industry. Although wages in accommodation & food services are well below the levels seen in most other industries, workers supplement their earnings with tips received from customers. A standard tip or bar tip is usually 10-20% of the bill, so some food and beverage service workers derive more of their income from this source than from the wages that they receive from their employers.

Employment characteristics: part-time, female and young workers, short tenure

Part-time employment is more common in this industry than in any other industry. Thirty-seven percent of the workers were employed part-time in 2005. The only industry with a similarly large part-time workforce was retail trade, where the rate was 34%.

Women make up just under half (47%) of the BC workforce, but the workers in accommodation & food services is largely female, with women holding three out of every five jobs in this industry. In addition, over 70% of people holding part-time jobs in the industry are women.

Women hold about 60% of jobs

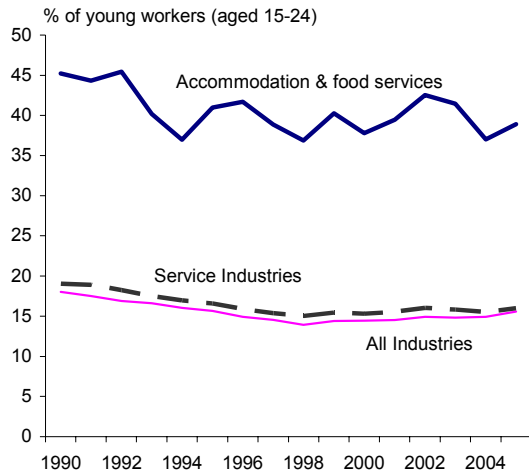


Data Source: Labour Force Survey

Between 1990 and 2005, about 40% of accommodation and food service workers were young people (aged 15-24). Given that young people make up only 15% of the BC workforce, it is clear that the accommodation & food services industry is heavily geared toward youth employment, although the share of young workers of the total employment went from 45% in 1990 down to over 38% in 2005. Furthermore,

about six out of ten young workers in the industry are females.

Young workers prominent



Data Source: Labour Force Survey

The accommodation & food services industry provides a variety of employment opportunities for students and young people, offering them the crucial entry points into the workforce. Given the generally high unemployment rates among young people, the importance of the industry to youth is noteworthy.

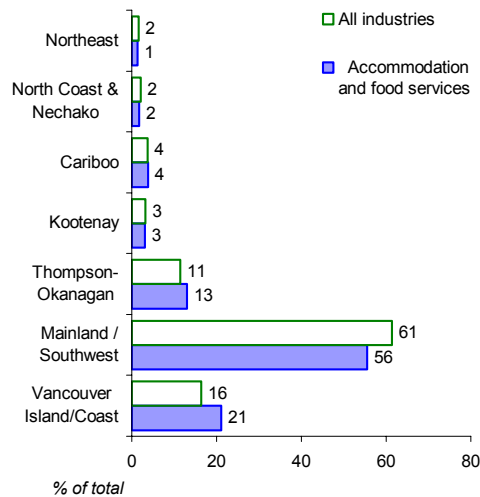
Unemployment rates averaged 8.4% during the period from 1990 to 2005, the same as the average for all industries in the economy. However, workers in this industry are more likely to experience unemployment than other service-sector workers. The jobless rate in the service sector averaged 5.1% during this period.

Job allocations in BC

The demand for accommodation & food services is related to the size of the population living in an area. However, hotels, motels and other types of accommodation are also located at or near popular tourist sites. For example, there are several large hotels in the Whistler area, which have been built to accommodate skiers and other tour-

ists visiting the resort town. Fishing or hunting lodges, guest ranches and similar types of accommodation may be found in rural or wilderness areas.

Thompson-Okanagan and Vancouver Island/Coast have a higher-than-average share of jobs in this industry



Data Source: Labour Force Survey

With most of the large hotels located in the region, Mainland/Southwest provides more than half (56%) of the jobs in the accommodation & food service industry.

Thompson/Okanagan accounts for a bigger than average share of total employment in this industry. With its scenic beauty, orchards, wineries and varied outdoor recreation opportunities, the region is a popular spot for tourists. Vancouver Island/Coast is also popular with tourists from North America and overseas who often include a visit to Victoria, Long Beach or other parts of the region in their travel itineraries.