



KDCA

Working together on Tourism issues in  
Northwestern Ontario

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NWOTA

## **The Fort Frances/Rainy River Border**

### **Decline of U.S. visitors to Sunset Country Travel Area.**

#### **U.S. visitors are very important to the economy of Sunset Country Travel Area.**

Close to 100% of Sunset Country Travel Area's (SSCTA) resource based tourism income is generated from United States visitors. U.S. visitors contribute 79%<sup>1</sup> of all SSCTA tourism revenues.

In SSCTA,

- U.S. overnight visitors spend almost \$650/person, 1-1/2 times the Ontario average.
- U.S. visitors spend almost \$4,500 for every man, woman, and child in SSCTA or 16 times that of Ontario as a whole.

#### **Since access to U.S. FBI's NCIC database (to facilitate background checks for gun registration), U.S. visitors to NW Ontario have been declining at an alarming rate.**

Since 2000 U.S. visitors at Fort Frances/Rainy River (FF/RR) border crossings (both overnight and same day) have dropped by almost 30%. CBSA's attitude, policy interpretation, and overall demeanor have been an issue of concern within the tourism industry for at least two decades. Gone are the days when the first thing a visitor hears is "Welcome to Canada." Minor criminal issues have been at the root of the problem since the spring of 2001.

There are several issues that support this comment.

1. June of 2001, first port of entry to enforce the issue minor criminal.
2. May and June of 2002, visitors with raw potatoes, firewood or dog food were sent back to the U.S. to discard it and get back into queue to enter Canada.
  - Working with NOTO and Federation of Canadian Outfitters, we found that both of these actions started in Fort Frances and are predominately only an issue at these ports.
  - Both of these actions were implemented without notifying the tourism industry. Visitors learned about these issues at the border, some after driving many hours to get here only to be rejected.

<sup>1</sup> 2001 economic impact study SSCTA

3. In a 2001 study of a Fresh Water Sport Fishing Center in Fort Frances, they made a comparison of a six county area, approximately 100-mile radius south of Fort Frances. The area is one quarter the size and has 2.7 times the population of Sunset Country. It has a much more diverse economy, and the GDP was 4.8 that of Sunset Country, and it is a major U.S. vacation destination.
  - The conclusion of the study was there several hundred thousand people vacationed or visited the area but did not want to cross the border. Two major reasons are apparent based on interviews. First, a perceived or real concern about how they will be treated, the cost to cross, and the time it will take. Second they are not curious. Resolving these issues is a necessary precondition for future tourism development including development of the Fishing Centre.
4. NE Minnesota resort gross sales between 1985 and 2006 grew by a factor of 4.5 in five northern counties in Northern Minnesota within 200 km radius south of Fort Frances. The average growth rate was 7% between 1985 and 2000. In 2001 it jumped to almost 14% and averaged almost 12% for several years after.

YTD between 2000 (two years prior to the decline in the exchange rate) and 2008 SSCTA has seen a 23% decline in overnight visitors from the U.S.

Since the spring of 2001 KDCA/NWOTA has witnessed:

1. Non-resident business owners unable to enter to operate their businesses.
2. Non-resident property owners unable to enter to vacation at their vacation properties.
3. Minnesota newspaper articles (where 25% of U.S. visitors to NWO originate) informing the public of perils at the Canadian border. These coincided with a major Minneapolis Sportshow for the last two years.
4. USA today article on the Canadian border and its enforcement of the minor criminal issue hit the stands during the 2008 sportshow season.
5. Major incentive group from California lost because the leader had a DWI.
6. Evidence from business executives that they are aware of the issue because of visiting NWO, and they have changed their way of doing business with Canada.
7. Farmer that wants to invest in Canada, but can't.

Information on Canada's minor criminal policy has spread throughout the U.S. by word of mouth by those who have been rejected from Canada, by anyone visiting tourism operations in NW Ontario (owners insure that anyone coming to their business knows they must have a clean record), and by handouts and web sites explaining the issue. The policy is not only having an effect on tourism, but direct foreign investment and anyone visiting Canada for pleasure or business.

YTD September 2008, U.S. visitor crossings at FF/RR are down 12.5% from 2007. Same Day is down 16.1% and overnight is down 10.8%. YTD September fewer U.S. visitors crossed at the two western ports than at anytime in the last 37 years (since records started).

## Comparison of visitor sales with other regions

In 1985,<sup>2,3</sup> SCTA tourism was 4.6 times that of Minnesota gross resort sales and 18.4 times that of NE Minnesota gross resort sales. By 2006 the difference had dropped by more than 70% to 1.4 and 4.1 to 1 respectively. During that time between 1985 and 2006 Minnesota resort gross has increased by 6.1% NE Minnesota gross sales by 7.3% while SSCTA has declined by -1.0%.

Between 1985 and 2006,

- **Minnesota** gross resort sales grew at a rate of 6.1%,
- **NE Minnesota** grew at a rate of 7.6%.
- **Sunset Country** declined by a little over (1%).

Between 1994 and 2006,

- **Northern Wisconsin** grew at an average rate of 7.2%.

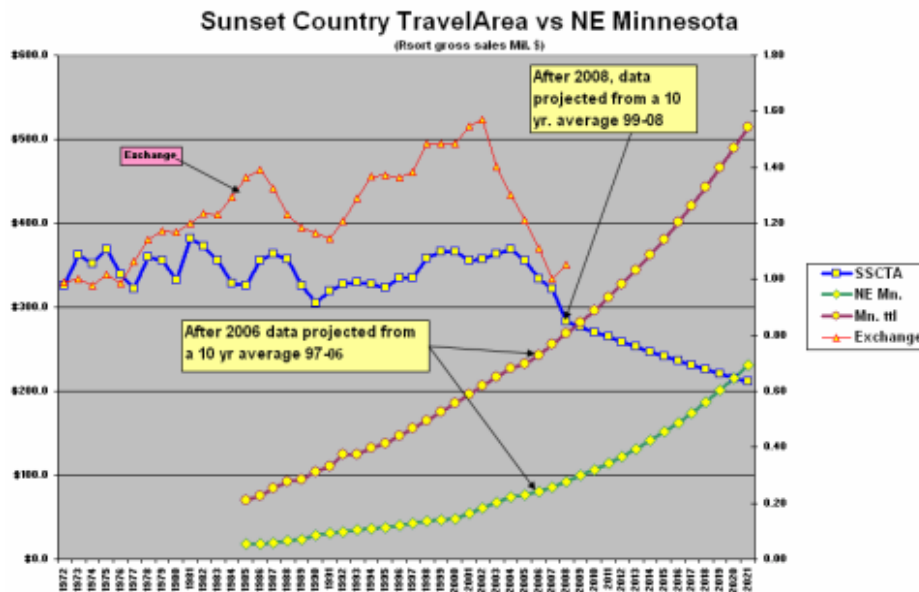


Chart 5

Western Northwestern Ontario can be seen as a microcosm of tourism in general throughout Canada. Because we are so dependent on U.S. visitors anything that affects our customers, becomes very obvious as they are such a high percentage of our overall business.

As a result of customer surveys it is obvious that Northwestern Ontario is widely known for having some of the best fishing on the planet, and some of the most spectacular remote areas that are far superior to anything available to outdoors enthusiasts.

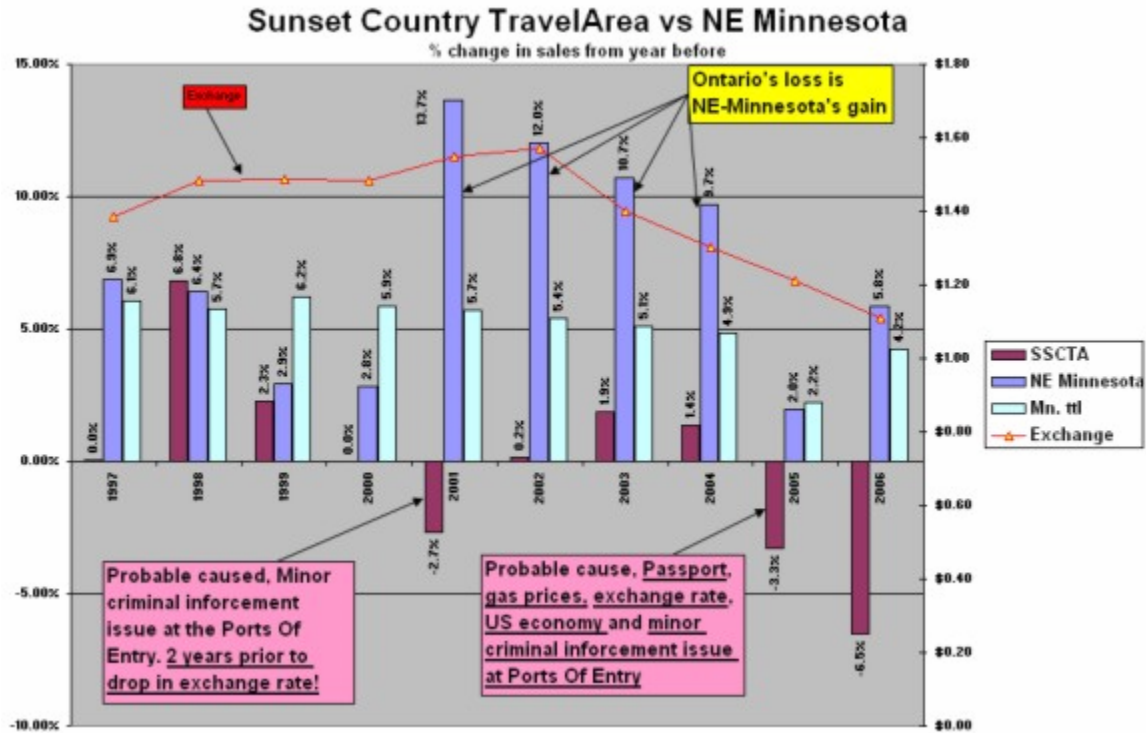
The question is, “Why!?! With far superior wilderness and fisheries management in Northwestern Ontario, offering much greater opportunity to the outdoor enthusiast why is tourism in our region not growing? Especially as it is in other areas offering the same experiences, with far less quality resources to offer their visitors?”

<sup>2</sup> MTR research site 2004 data

<sup>3</sup> Minnesota tourism web site

## Effect of border on tourism in SSCTA and Minnesota

During the period of 1999 and 2006, Minnesota resort sales average growth was 5.0%, NE Minnesota's average growth was 7.5%, while SSCTA declined by .9%. In 2001, visitors to SSCTA declined as groups were turned back at the border because of minor criminal issues, and as can be seen in Chart 6 between 2000 and 2001, NE Minnesota grew by 13.7% while SSCTA fell by 2.7%.



The economic impact to Northwestern Ontario is staggering.

In a 2001 NWO Tourism Economic Impact Study,<sup>1</sup> tourism accounted for \$451 million in economic activity. It also concluded that 79% of that activity was due to spending by U.S. visitors. It is estimated that since 2001 the economy of Northwestern Ontario has lost over **\$71 million**.

## A region in Crisis

1. Foreign investment in the tourism industry is discouraged by Canadian policy.
  - a. Direct foreign investment is limited by minor criminal issues.
  - b. The ability to sell existing investment is severely hampered by minor criminal issues.
  - c. The ability to run existing business investment is impacted by minor criminal issues.
  - d. The sale of private vacation property is limited by minor criminal issues.
2. Attracting new customers is impacted by border attitude and issues.
  - a. U.S. Passport Regulation.
  - b. Minor criminal issues.
  - c. Implementing changes without informing tourism operators forcing visitors deal with them at the border without notice.
  - d. Anti-American anti-tourism attitude at the two western Ontario border crossings.

3. The lack of government marketing effort! Canada is not visible at all in the U.S. Midwest. Until recently Ontario has not been competitive with other world destinations marketing in the U.S. Midwest.

## **What is needed to return Sunset Country to a major destination for U.S. visitors and to remove the possibility that the border is an impediment to travel to Canada?**

Because Sunset Country is so dependent on the U.S. visitors it is felt we are more aware of the consequences and economic impact of the minor criminal policy. There are a number of recommendations we feel are necessary to turn this trend around and start increasing visitors, direct foreign investment, and business opportunities from the U.S.

1. In as much as the U.S. is the only country whose visitors are screened for minor criminal issues, and Canada is the only country in the world that has this policy, we would recommend a review of the minor criminal policy to insure what constitutes a security risk.
2. Call for a review of procedures within CBSA to insure visitors to Canada are treated with respect.
  - a. Consistency of enforcement throughout Canada.
  - b. A customer training program.
  - c. A monitoring procedure to insure proper interpretation and enforcement of CBSA policy.
  - d. Clear communication of relevant changes impacting visitors to Canada.
  - e. A return to the practice of welcoming visitors to Canada with "Welcome to Canada."
3. Once 1 and 2 are completed, a major advertising blitz in U.S. cities to rebuild the notion that Canada is a clean, green, safe and friendly place to visit.

### **Support Documents and Comments** (available [www.kdca-nwota.ca](http://www.kdca-nwota.ca) web site)

1. 2001 economic impact study of Sunset Country Travel Region.
2. 2001 study of a Fort Frances Fresh Water Fishing Centre two issues were identified as issues that needed to be corrected before the centre or any other tourism facility was undertaken!
  - a. Real or perceived issues at the border.
  - b. Lack of knowledge of Ontario.  
These are issues promoted by the tourism industry of Minnesota (including newspapers) to both improve Minnesota tourism and to discourage travel to Ontario.
3. NMMA study 2008.
4. Industry survey 2007
5. Reports from members and visitors of the anti-American anti-tourism attitude at the border.
  - a. After many hours of travel visitors are rejected at the border for Minor Criminal issues (started spring of 2001). Up until 2004 no other member of the Outfitters Association of Canada was aware of this issue.
  - b. After many hours of travel visitors are rejected at the border because they have firewood, dog food or potatoes, (started in Fort Frances and Rainy River). They are forced to return to the U.S. to dump the product, and then get back in queue to enter Canada.
  - c. Many visitors and operators report rude and unprofessional treatment by front line operators at port of entry.