

AUGUST 2007

Highlights

- In August, trips from the U.S. to Ontario posted a decline of 5.4% over 2006. Same-day travel was down by 13.2%, while overnight trips were up by 3.0% over the same month in 2006. **For the first time ever, the number of overnight trips from the U.S. to Ontario exceeded the number of same-day trips.**
- In August, visits from overseas markets to Ontario decreased by 4.5% over 2006.
- Meanwhile, in August, travel by Ontarians to the U.S. increased by 11.0% while travel to overseas countries increased by 6.4% over 2006.

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Tourism Industry Statistics

Border Crossings

Total International Entries

In August 2007, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 5.3% to just under 2.3 million crossings, about 130,000 fewer international visitors than in August 2006.

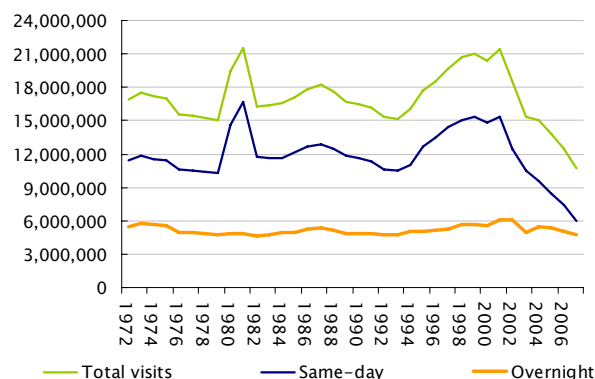
Over the first eight months of 2007, international border crossings to Ontario were down by 12.9% over the same period last year.

U.S. Entries

During the month of August 2007, U.S. border crossings to Ontario fell by 5.4% over 2006.

For the first eight months of 2007, U.S. border crossings were down by 14.1% over the same period of 2006 – 50% fewer entries for the period than in 2001, the peak year for U.S. border crossings during the period.

U.S. Border Crossings to Ontario, Jan - Aug



In August 2007, for the first time ever, the number of overnight trips from the U.S. to Ontario exceeded the number of same-day trips.

During the month of August 2007, same-day U.S. entries to Ontario were down by 13.2% over 2006, while overnight entries were up by 3.0%. During this period, overnight travel by auto increased by 5.8% while overnight non-auto travel declined by 5.7% over 2006.

For the period of January to August 2007, almost 85% of the decline in U.S. border crossings can be attributed to same-day travel.

In the first eight months of 2007, there were 6.0 million same-day U.S. entries to Ontario, a decrease of 20.2% (or 1.5 million entries) from the same period in 2006. Overnight entries, which totalled 4.8 million for the period, were down 5.1% (or approx. 250,000 entries) over the same period in 2006.

In August 2007, commercial air travel¹ from the U.S. to Ontario was down 7.3% over August 2006. Over the first eight months of 2007, commercial air travel was down 9.8% over 2006.

Compared to other provinces, Ontario experienced a larger decline in U.S. border crossings, both in August 2007 and over the first eight months of 2007 over 2006.

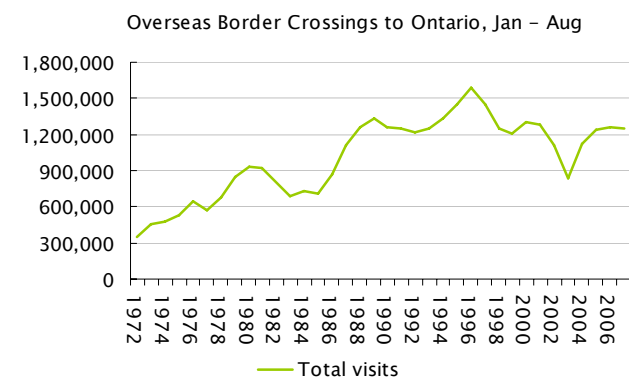
Province	U.S. Entries August 2007 over 2006		U.S. Entries, YTD: Jan - Aug 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	2,045,974	-5.4%	10,704,555	-14.1%
B.C.	768,238	-1.9%	3,745,000	-4.6%
Quebec	322,036	-3.2%	1,713,850	-9.0%
Canada	3,611,684	-4.2%	18,452,348	-10.8%

Source: Statistics Canada

Overseas Entries

In August 2007, overseas border crossings to Ontario decreased by 4.5% over 2006.

In the first eight months of 2007, overseas border crossings have decreased by 0.7% over the same period in 2006.



¹ Commercial air travel represents 96% of all air travel.

In August, direct entries to Ontario from overseas countries were unchanged from August 2006, while entries to Ontario via the U.S. were down by 14.0%.

In the first eight months of 2007, direct entries to Ontario were up by 1.5% over 2006, while entries via the U.S. were down 5.9%.

In August 2007, while Ontario experienced a decrease in overseas border crossings, British Columbia and Quebec experienced increases.

For the period of January to August 2007, Ontario has seen a decline in its overseas crossings while other regions of Canada have seen strong growth.

Province	Overseas Entries, August 2007 over 2006		Overseas Entries, YTD: Jan - Aug 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	239,034	-4.5%	1,247,700	-0.7%
B.C.	197,376	+2.4%	1,087,549	+3.6%
Quebec	113,610	+9.8%	558,372	+6.8%
Canada	625,496	+2.3%	3,259,428	+3.6%

Source: Statistics Canada

Overseas Entries: Traditional Markets

In August 2007, Ontario saw decreases in visits from three of its four primary overseas markets – France, Japan and Germany – while the U.K. showed an increase over August 2006.

Over the first eight months of 2007, only the U.K. has posted an increase over the same period in 2006.

Market	August 2007 over 2006		YTD: Jan - Aug 2007 over 2006	
	Entries*	% change	Entries*	% change
U.K.	55,599	+2.9%	263,573	+1.4%
Germany	15,169	-9.5%	75,497	-1.7%
Japan	11,228	-17.5%	65,955	-20.8%
France	9,887	-25.1%	44,451	-15.9%

Source: Statistics Canada

*Arrivals (or border crossings) are an estimate of Ontario's total visits and understate the actual number of visits from these markets, since a number of them visit Ontario but enter Canada through a non-Ontario port.

Overseas Entries: Emerging Markets

A broader set of emerging markets continues to change the composition of Ontario's international visitors. During August 2007, significant growth was seen in the number of entries from China and Mexico compared to August 2006.

In the first eight months of 2007, six of the markets listed below have seen growth over 2006.

Market	August 2007 over 2006		YTD: Jan - Aug 2007 over 2006	
	Entries*	% change	Entries*	% change
Mexico	13,332	+31.2%	74,765	+18.8%
South Korea	8,514	+5.7%	43,558	+2.4%
India	5,914	-10.7%	39,226	+5.2%
Israel	6,372	-23.4%	36,200	-16.5%
China	6,667	+15.8	34,791	+21.6
Brazil	4,807	+5.2	34,774	-1.0%
Italy	8,995	-7.9%	33,656	+2.5%
Netherlands	5,201	-27.3	29,857	-12.1%
Australia	5,184	+9.3%	28,586	+2.9%
Hong Kong	3,405	-10.1%	23,697	-5.5%

Source: Statistics Canada

Outbound Travel

Ontarians are travelling outside of Canada in record numbers.

Travel by Ontarians to international destinations increased by 10.4% in August 2007 over 2006. Travel to the U.S. increased by 11.0%, while travel to overseas countries increased by 6.4%.

In the first eight months of 2007, outbound travel by Ontarians has grown by 3.9%, with growth in travel to overseas countries (5.0%) outpacing growth in travel to the U.S. (3.7%).

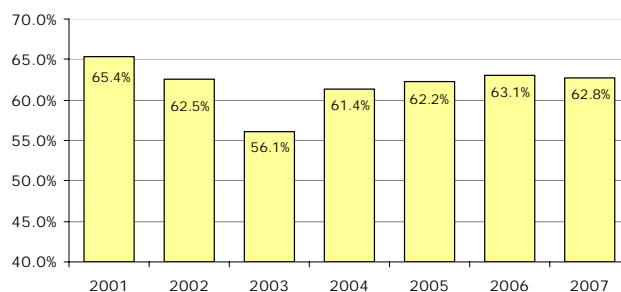
Source: Statistics Canada

Accommodation

The occupancy rate at Ontario hotels in August 2007 was 73.6%, down 0.4 percentage points over 2006. Across the province, occupancy was highest in Niagara Falls (88.1%), Kingston (80.1%), North Bay (77.5%), Ottawa West (77.4%) and downtown Toronto (77.3%). Of these regions, only Ottawa West experienced an increase over the previous year.

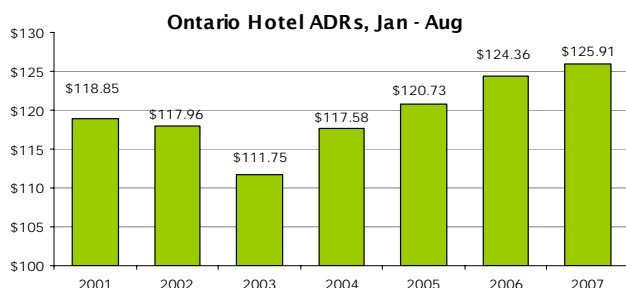
For the first eight months of 2007, the occupancy rates at Ontario hotels averaged 62.8%, a decrease of 0.2 of a percentage point over 2006 – noticeably below 2001 levels for the same period.

Ontario Hotel Occupancy Rates, Jan - Aug



The average daily rate (ADR) in Ontario decreased by 3.1% in August 2007 to \$128.03, with Niagara Falls (\$183.78), downtown Toronto (\$155.45), Kingston (\$134.68) and downtown Ottawa (\$132.92) achieving the highest ADRs for the month. The regions experienced varying levels of growth, with Hamilton/Brantford showing the most notable gains (+7.5%). Meanwhile, downtown Toronto experienced a considerable decline (-13.6%) for this period.

The ADR in Ontario for the first eight months of the year increased 1.2% to \$125.91. All regions, except Windsor, Central Ontario and downtown Toronto, have seen increases in ADR over the period. The biggest gains can be seen in Hamilton/Brantford (8.0%), Ottawa East (6.9%) and Sault Ste. Marie (4.6%).



Revenue per available room (revPAR) in August 2007 decreased by 3.5% over 2006. For the period of January to August 2007, revPAR has increased a modest 0.9% over the same period of 2006.

Significant variability continues across the regions, with Ottawa West and East (11.1% and 9.8%) and Hamilton/ Brantford (9.5%) showing considerable growth in revPAR, while Windsor (-9.8%) and Central Ontario (-7.5%) experienced significant declines in their revPAR over the period.

Source: PKF Consulting, Hotel Trends

Canadian Air Carriers Data

Overall passenger traffic for Air Canada, measured in revenue-passenger miles (RPMs), increased by 4.1% in August 2007 over 2006. In the first eight months of 2007, overall passenger traffic for Air Canada increased by 3.6% over the same period of 2006.

Passenger traffic growth for WestJet continued in August 2007 with a 20% gain over 2006, and a 21% increase in overall traffic in the first eight months of 2007 over 2006.

Source: InterVISTAS, aircanada.ca and westjet.ca

Travel Price Index

In August 2007, Ontario's Travel Price Index (TPI) increased by 0.1% over the previous month. Increases in the cost of inter-city transportation and clothing were largely offset by decreases in the cost of auto rentals and operation.

Looking back over the last year, Ontario's TPI was up 1.6% in August 2007 over 2006. Increases in local transportation, food and beverage and other recreational services were in part offset by declines in the cost of auto rentals, recreational equipment and services and home recreation equipment.

Ontario's Consumer Price Index (CPI) in August 2007 decreased by 0.2% over the previous month, while there was an increase of 1.6% over August 2006.

Source: Statistics Canada, Ontario Ministry of Tourism

The U.S. Travel Price Index decreased by 1.6% in August 2007 compared to the previous month, while the index was up by 2.4% over August 2006.

Source: Travel Industry Association of America.

Economic Indicators

Consumer Confidence

The national consumer confidence index moved up 0.9 points in August 2007 to 99.5 (2002=100). Consumers were less optimistic about their current financial conditions but expected the job market and their incomes to pick up over the next six months.

Two regions posted declines in consumer confidence – British Columbia posted a drop of 1.1 points, its fourth consecutive decline while Quebec posted a decline of 2.6 points. The Prairies saw the largest increase in consumer confidence, with a gain of 3.2 points while Ontario was up by 2.8 points and Atlantic Canada was up by 2.0 points.

Source: The Conference Board of Canada

The U.S. Consumer Confidence Index was down sharply in August, by 6.9 points from the previous month to stand at 105.0 (1985=100). This is the lowest level seen since August 2006.

Source: The Conference Board (U.S.)

Labour Force

Employment in Canada edged up slightly in August 2007 with 23,000 new jobs created. The national unemployment rate remained unchanged at 6.0%, the lowest level since 1974. Since August 2006, employment was up by 2.3% with the economy adding 380,400 jobs.

Ontario's employment was also little changed in August. Over the past 12 months, employment was up 1.5% (almost 100,000 jobs), though the province is still lagging behind the national job growth rate. Ontario's unemployment rate in August 2007 decreased 0.2 percentage points to 6.4%.

In August, employment in Ontario's tourism-related industries decreased by 4.9% over the previous month. Employment was up by 8.1% over August 2006 across the sector, however, with more people employed in traveller accommodations, air transportation and restaurants but fewer in heritage institutions and in gambling.

Source: Statistics Canada, Labour Force Survey, Ontario Ministry of Tourism

Bankruptcies

In August 2007, there were 2,922 bankruptcies in Ontario. Of these, 221 were businesses while the rest were consumers. Bankruptcies were up 6.8% over August 2006.

Of the business bankruptcies reported in August 2007 in Ontario, 26 were in accommodation and food services and 3 were in the arts, entertainment and recreation sector. In August of 2006, there were 22 and 6 bankruptcies recorded in these sectors, respectively.

Source: Office of the Superintendent of Bankruptcy Canada

Consumer Response Indicators

1-800-ONTARIO

There were approximately 28,000 calls to the 1-800-ONTARIO call centre in August 2007, a decrease of 10.5% over August 2006. In the first eight months of 2007, the call centre has received almost 160,000 calls, a 4% decrease over the same period in 2006.

Source: Electronic Data Systems

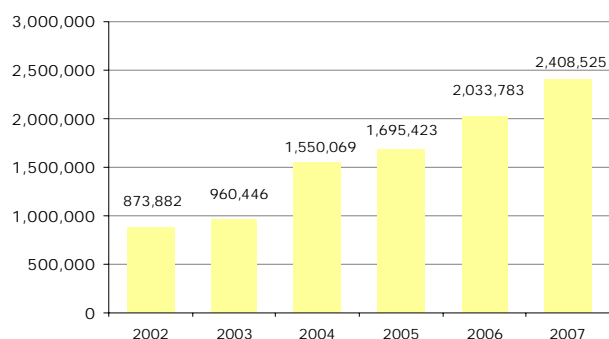
OntarioTravel.net

In August 2007, there were more than 300,000 user sessions on Ontario's travel website **ontariotravel.net**, an increase of 30% over 2006. User sessions increased by 22% on the main website and nearly doubled on the seasonal site.

User sessions over the first eight months of 2007 have exceeded 2.4 million, an increase of 18% over the same period in 2006. Traffic on the main site is up 15%, while traffic on the seasonal site is up 36%.

Source: Electronic Data Systems

Visits to OntarioTravel.net
Jan - Aug



Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) totalled almost 240,000 in August 2007, a decrease of 8.0% over 2006.

In the first eight months of 2007, there have been approximately 990,000 visits to TICs, a 10.0% decrease over the same period in 2006.

Change in Visits to Ontario's TICs

Location	August 2007 over 2006	YTD: Jan - Aug 2007 over 2006
Barrie	-10.5%	-2.9%
Cornwall	-14.4%	-11.7%
Fort Erie	-6.4%	-2.3%
Fort Frances	-35.9%	-21.7%
Niagara Falls	-4.6%	-7.9%
Sarnia	-2.1%	-15.4%
Sault Ste Marie	-16.7%	-16.3%
St. Catharines	-2.3%	-13.3%
Toronto	-6.9%	-11.8%
Windsor Park	0.7%	-10.9%
Windsor HC	-16.9%	-16.4%
Hill Island	-8.2%	-7.2%
Kenora	-5.8%	-0.5%
Lancaster	2.7%	11.3%
Pigeon River	-9.7%	-14.0%
Prescott	22.6%	5.0%
Rainy River	-1.4%	-17.3%
417	-6.9%	-5.4%
TOTAL	-8.0%	-10.0%

Source: Ontario Ministry of Tourism

Attendance at Agencies

The following table shows the percentage change in total visits at Ontario agencies for both August 2007 over August 2006 and year-to-date 2007 over 2006.

Agency	August 2007 over 2006	YTD: Jan - Aug 2007 over 2006
Royal Ontario Museum	+30.6%	+26.2%
Ontario Science Centre	+11.0%	-22.2%
Science North	-2.6%	-2.7%
Art Gallery of Ontario ²	-63.6%	-34.2%
McMichael Art Gallery	-4.7%	+9.6%
Ontario Place	-16.2%	-16.2% ³
Fort William Historical Park	+130.0%	-16.9%
Huronian Historical Park	-1.4%	-3.2%
Upper Canada Village	+0.8%	+7.4%
Fort Henry	+11.2%	+7.4%

² The AGO is undergoing a major renovation, expected to be complete in 2008.

³ Attendance at Ontario Place reported for period May - Aug.

APPENDIX: BACKGROUND

2005 Statistics

- There were 19.3 million U.S. visits to Ontario in 2005, a decrease of 9.6% over 2004. Spending by U.S. visitors amounted to \$3.9 billion, a decrease of 10.6% over 2004.
 - Visits from the border states, which made up 82% of all U.S. visits, decreased by 10.7% while visits from other states decreased by 7.5% over 2004.
 - Same-day visits, which make up 63% of all U.S. visits, decreased by 13.3% while overnight visits were down by 3.3% over 2004.
- There were 2.2 million overseas visits to Ontario in 2005, a 6.0% increase over 2004. Spending by overseas visitors amounted to \$2.5 billion, an increase of 6.6% over 2004.
 - Visits from Ontario's traditional markets (the U.K., Japan, Germany and France), which make up 42% of all overseas visits, increased by 2.2% while visits from other travel markets increased by 8.9% over 2004.

NOTE: What about domestic travellers to Ontario?

Domestic travel accounts for about 75% of all person visits to Ontario, and more than 60% of tourism receipts in the province, however, information concerning domestic travel for 2005 **is not yet available**.

In 2005, the Canadian Travel Survey (CTS) which provided information on domestic travel was replaced by the Travel Survey of Residents of Canada (TSRC). The TSRC will offer some significant benefits over its predecessor, including filtering in tourism trips while filtering out routine trips, focusing on decision makers (respondents must be 18+ yrs rather than 15+) and ensuring that all jurisdictions are using a common metric. The change to the TSRC means that 2005 will be the new baseline year, resulting in a delay in reporting on domestic travel results for 2005 as a basis comparable to previous years.

It is anticipated that domestic travel data for 2005 and 2006 will be available by the end of 2007. Statistics Canada is also developing a procedure to restate data prior to 2005, to enable historical comparisons. In the interim, only travel data for the U.S. and overseas travel markets for 2005 will be provided.

2004 Statistics

Overall Results

- Ontario had Canada's largest tourism industry in 2004, accounting for 42% of Canada's visitors and 33% of Canada's tourism revenues.
- The total number of visitors to Ontario in 2004 was 118.3 million (up 3% over 2003), while visitor spending was \$17.1 billion (up 8% over 2003).
- The total tourism receipts in Ontario in 2004 reached \$21.4 billion, an 8% increase over 2003.

Number of Visitors

- Overseas visitors to Ontario in 2004 increased by 32% over 2003 to 2.0 million while U.S. visitors to Ontario decreased by 3% over 2003 to 21.4 million.
- Domestic visitors to Ontario in 2004 increased by 4% over 2003 to 94.8 million.
- Ontarians' outbound travel to international destinations in 2004 increased by 5% over 2003 to 21.0 million.

Visitor Spending

- Spending by overseas visitors in Ontario amounted to \$2.3 billion in 2004, a 30% increase over 2003. Spending by U.S. visitors in Ontario amounted to \$4.4 billion, an 11% increase over the previous year.
- Visitor spending by domestic visitors to Ontario reached \$10.4 billion in 2004, a 3% increase over 2003 while tourism receipts by domestic visitors in Ontario increased by 5% over the previous year to \$14.7 billion. (The difference between visitor spending and tourism receipts is Ontarians' spending on Canadian transportation carriers for travel to destinations outside of Ontario but within Canada. Visitor spending describes the economic importance of inbound travel to the economy while tourism receipts describe the importance of the whole tourism industry to the economy.)
- Ontario's tourism industry is extremely diverse. Its businesses are predominantly small to medium-sized. In 2004, there were 161,850 businesses in tourism-related sectors in Ontario, a 3% increase over 2003. These businesses represented 19% of the total number of businesses in the province.

For more historical Ontario tourism statistics, please visit <http://www.tourism.gov.on.ca/english/research/trends/index.html>

Economic Impact of Tourism in 2004

- In 2004, tourism was Ontario's 7th largest generator of foreign exchange, following Transportation Equipment, Machinery, Chemical Products, Computer & Electronic Products, Primary Metals, and Plastics and Rubber Products Manufacturing. Tourism generated \$6.7 billion in foreign exchange for the province.
- In 2004, tourism Gross Domestic Product (GDP)⁴ in Ontario was \$11.6 billion. This means that 2.2% of the provincial economy was directly attributable to the value added of the tourism industry.
- Tourism GDP in Ontario was greater than that of the agriculture, forestry/logging, commercial fishing/hunting and mining industries combined in 2004.
- The total contribution of tourism to the provincial GDP⁵ (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment⁶ in Ontario reached 213,500 jobs, accounting for 3.3% of Ontario's total employment. Tourism was the 14th largest industry in the province in terms of employment.
- This is the break-down of the 213,500 tourism jobs by sector:
 - 50,015 jobs in Accommodations
 - 54,060 jobs in Food & Beverage services
 - 21,345 in Recreation and Entertainment
 - 32,625 in Transportation
 - 25,090 in Retail
 - 16,900 in Travel Services
 - 2,315 in Car Rental and
 - 11,150 in other service sectors

⁴ Gross Domestic Product (GDP): Value of goods and services produced by labour and capital located within a country (or region), regardless of nationality of labour or ownership. This GDP is measured at market prices. Tourism GDP refers to the GDP generated in those businesses that directly produce or provide goods and services for travelers.

⁵ The total contribution of tourism to the provincial GDP includes: tourism GDP, indirect GDP (the GDP generated from the expansion of demand from tourism-related businesses to other businesses or sectors) plus induced GDP (the GDP associated with the re-spending of labour income and /or profits earned in the industries that serve travellers directly and indirectly).

⁶ Tourism employment: The full-time, part-time and seasonal jobs, as well as both employed and self-employed jobs in those tourism-related businesses that directly produce or provide goods and services for travelers.

- Total contribution of tourism to the employment in the province⁷ (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism⁸ for all three levels of government in Ontario reached \$5.8 billion – 3.2 billion in federal tax revenues, \$2.4 billion in provincial and \$198 million in municipal tax revenues⁹.
- For every dollar of tourism receipts in Ontario in 2004, all three levels of governments received 27.0 cents in tax revenues directly, of which federal government received 14.9 cents, provincial government 11.2 cents and municipal governments 1 cent.
- The total contribution of tourism to tax revenues¹⁰ (direct, indirect and induced) for all three levels of government amounted to \$9.2 billion in 2004.

For more information on the economic impact of tourism in Ontario, please visit <http://www.tourism.gov.on.ca/english/research/trends/index.html>

⁷ Total contribution of tourism to the employment in the province: Includes tourism employment, indirect employment (the jobs generated from the expansion of demand from travellers to other businesses or sectors) plus induced employment (the jobs associated with the re-spending of labour income and /or profits earned in the industries that serve travellers directly and indirectly).

⁸ Tax revenue from tourism: refers to the personal, corporate, commodity and other taxes generated in those businesses that directly produce or provide goods and services for travelers

⁹ Federal tax revenues: refers to personal income tax, corporate income tax, commodity tax (GST, gas tax, excise tax, duty tax, air tax and trading profits) and payroll deduction that collected by the federal government.

Provincial tax revenues: refers to personal income tax, corporate income tax, commodity tax (PST, gas tax, gallon tax, amusement tax and trading profits) and employer health tax that collected by Ontario provincial government.

Municipal tax revenues: refers to business and personal property taxes that collected by the municipalities.

¹⁰ The total contribution to tax revenue of tourism: Includes tax revenue from tourism, indirect tax revenues (the tax revenues generated from the expansion of demand from travellers to other businesses or sectors) plus induced tax revenues (the tax revenues associated with the re-spending of labour income and /or profits earned in the industries that serve travellers directly and indirectly).