

## Highlights

- In December, trips from the U.S. to Ontario posted a decline of 6.8% over December 2005. Overnight automobile trips increased 7.0% while overnight non-auto travel was down 1.6% over the same period in 2005.
- In December, visits from overseas markets increased 0.9% over 2005.
- Hotel indices for December 2006 show occupancy rates up marginally from December 2005 and average room rates up by 1.8%.

## Inside This Issue

### Tourism Industry Statistics

- 1 Border Crossings
- 2 Accommodation Statistics
- 3 Canadian Air Carriers Data
- 4 Travel Price Index

### Economic Indicators

- 5 Consumer Confidence
- 6 Labour Force
- 7 Bankruptcies

### Consumer Response Indicators

- 8 1-800-ONTARIO
- 9 Ontario Travel Information Centres
- 10 OntarioTravel.net
- 11 Attendance at Agencies

## Tourism Industry Statistics

### Border Crossings

#### Total International Entries

In December 2006, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 6.1% to 1.3 million crossings, approximately 80,000 fewer visitors than in December 2005.

Total international border crossings to Ontario in 2006 were 9.0% below the level achieved in 2005.

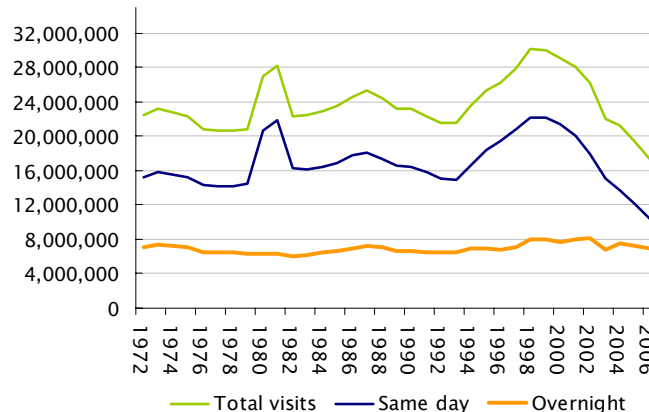
#### U.S. Entries

During the month of December 2006, U.S. border crossings to Ontario decreased by 6.8% over 2005, their lowest level for the month since 1983.

In December 2006, same day U.S. entries to Ontario dropped by 11.9% over 2005, while overnight entries were up by 3.9%. Overnight travel by car was up 7.0% while overnight non-auto travel was down 1.6%.

For the year 2006, there were 17.4 million border crossings from the U.S. to Ontario, a decrease of 9.9% over 2005 – 42% fewer entries than in 1998, the peak year for U.S. border crossings.

U.S. Border Crossings to Ontario,  
January – December



For the year 2006, there were 10.5 million same day U.S. entries, a decrease of 12.7% (or approx. 1.5 million entries) from 2005. Overnight entries which totalled 6.9 million in 2006 were down 5.1% (or approx. 370,000 entries) over 2005.

Other provinces also experienced noticeable declines in U.S. entries in 2006, though Ontario's is the most significant. U.S. entries into Canada overall are decreasing at a similar rate to entries to Ontario.

Province	U.S. Entries Dec. 2006 over 2005		U.S. Entries, 2006 over 2005	
	Entries*	% change	Entries*	% change
Ontario	1,142,408	-6.8%	17,369,645	-9.9%
B.C.	335,591	-8.7%	5,379,803	-6.5%
Quebec	197,390	-4.1%	2,698,540	-8.8%
Canada	1,879,834	-6.3%	28,872,674	-8.8%

Source: Statistics Canada

### Overseas Entries

In December 2006, overseas border crossings to Ontario increased by 0.9% over 2005, to their highest level on record for the month of December.

In 2006, there were 1.8 million border crossings from the overseas to Ontario, an increase of 0.5% over 2005 – but 20% fewer entries than in 1996, the peak year for overseas border crossings.

Overseas Border Crossings to Ontario,  
January – December



In December, direct entries to Ontario from overseas countries increased by 3.0% over December 2005, while entries to Ontario via the U.S. decreased by 5.0%. Over 2006, direct entries were up 3.4% while entries via the U.S. were down by 5.7%.

In December, all jurisdictions saw increases in their overseas border crossings, though Ontario's 0.9% increase was the least significant.

In 2006, Quebec saw the largest increase in overseas crossings (2%, or 15,000 entries), while Ontario saw an increase of 0.5% or approx. 9,000 additional entries over 2005.

Province	Overseas Entries, Dec. 2006 over 2005		Overseas Entries, 2006 over 2006	
	Entries*	% change	Entries*	% change
Ontario	120,286	+0.9%	1,830,816	0.5%
B.C.	95,806	+1.0%	1,466,148	-0.5%
Quebec	54,732	+11.0%	771,659	2.0%
Canada	301,066	+3.8%	4,517,537	0.3%

Source: Statistics Canada

In December 2006, Ontario saw decreases from two of its four primary overseas markets: the U.K. and Japan while Germany and France posted increases.

In 2006 overall, France is still ahead of 2005, while Japan appears to have remained stable (see table below).

Market	Dec. 2006 over 2005		2006 over 2005	
	Entries*	% change	Entries*	% change
U.K.	25,594	-8.3%	380,835	-8.0%
Japan	5,655	-19.8%	127,136	+0.9%
Germany	7,110	+16.6%	115,105	-8.7%
France	4,286	+9.6%	82,443	+6.0%

Source: Statistics Canada

Other markets are making up some of the gap created by the drop in traffic from Ontario's traditional international markets, with significant growth markets shown in the table below:

Market	Dec. 2006 over 2005		2006 over 2005	
	Entries*	% change	Entries*	% change
Mexico	6,905	+15.9%	87,986	+11.0%
South Korea	3,481	+12.5%	61,826	+14.8%
Brazil	5,502	+5.7%	52,962	+10.2%
India	2,174	+11.4%	51,872	+10.6%
China	2,872	+16.4%	43,733	+53.4%

Source: Statistics Canada

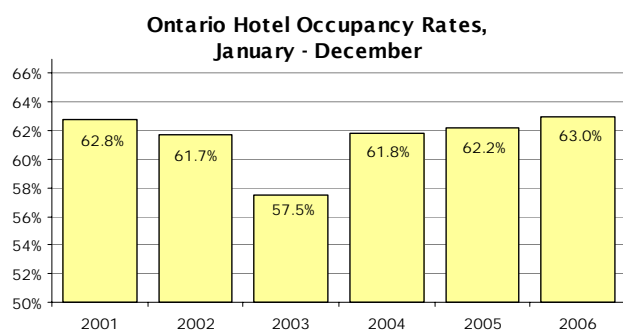
In 2006, direct entries from Mexico surpassed those from France, one of Ontario's traditional overseas source markets.

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

### Accommodation

The occupancy rate at Ontario hotels was 45.2% in December, up from 44.9% in December 2005. Across the province in December, occupancy was highest in the Ottawa Region (50.8%), the North Eastern Region (49.1%), the Greater Toronto Area (48.3%) and the North Western Region (47.63%). Of these, it was North Western Ontario (+4.0) and the Ottawa Region (+2.8, fuelled by Ottawa East at +8.2) that recorded the most significant increase over December 2005.

In 2006 overall, the occupancy rate at Ontario hotels was 63.0%, an increase of 0.8 of a percentage point over 2005, finally above the 2001 levels. The biggest gains for the year were seen in Ottawa East and West (6.0 and 5.0), North Bay (4.5) and Hamilton/Brantford (4.4).



Source: PKF Consulting, Hotel Trends.

The average daily rate (ADR) in Ontario increased by 1.8% in December 2006 to \$115.53, with downtown Toronto (\$142.84), Niagara Falls (\$131.72) and downtown Ottawa (\$130.07) achieving the highest ADRs for the month. Some areas, including Kingston (6.7%), Ottawa East (4.7%), Sudbury (4.4%) and Kitchener-Waterloo (4.0%), experienced above average increases (4% or more) while a few regions, notably Central Ontario (-10.6%) and Windsor (-3.5%), experienced declines in their ADR over last December.

The ADR in Ontario for 2006 increased 3.0% to \$124.79. The biggest gains in ADR over the year were downtown Toronto (6.2%), Sudbury (5.1%) and North Western Ontario (4.3%) though all locations (except Sault Ste. Marie) have seen an increase over 2005.

Revenue per available room (revPAR) in December maintained its momentum, increasing by 2.4% over December 2005 and contributing to a 4.3% increase in revPAR in 2006 over 2005. This increase continues to be led by substantial increases in specific regions, including Ottawa East and West (14.3% and 11.6%), North Eastern Ontario (North Bay at 11.2% and Sudbury at 9.4%) and Hamilton/Brantford (9.0%) all experiencing revPAR growth of at least 9.0% over 2005.

### Canadian Air Carriers Data

Air Canada's overall passenger traffic, measured in revenue-passenger miles (RPMs), saw another increase in December 2006, up 6.7% over 2005. Domestic air travel was up by 7.8% on Air Canada's mainline – only the second increase since September 2005, while Jazz saw an increase of 25.5% in domestic traffic. Passenger traffic for Air Canada and Jazz combined increased by 4.8% in 2006.

Passenger traffic on WestJet continued to increase with December 2006 seeing a 22% gain over 2005, and overall traffic for 2006 up 23% for the carrier.

Source: InterVISTAS, aircanada.ca and westjet.ca

### Travel Price Index

Ontario's Travel Price Index (TPI) decreased by 0.8% in December 2006 over November 2006. The decrease is primarily due to a 5.1% decrease in the cost of travellers' accommodation.

Looking back over the last year, Ontario's TPI was 1.5% higher in December 2006 than in December 2005. Declines in the cost of auto rental, clothing and footwear and recreational equipment and services continue to partially offset increases in the cost of inter-city and local transportation and in various food and beverage purchases.

Ontario's Consumer Price Index (CPI) in December 2006 increased slightly (0.1%) over the previous month, while an increase of 1.1% was seen over December 2005.

Source: Statistics Canada, Ontario Ministry of Tourism

The U.S. Travel Price Index decreased slightly (-0.4%) in December 2006 over the previous month, while the index was up by 3.3% over December 2005.

Source: Travel Industry Association of America.

## Economic Indicators

### Consumer Confidence

The national consumer confidence index gained 1.6 points in December to 120.5 (1991=100), largely making up for the 2.0 point decline the previous month. All components registered positive gains, with optimism about the job market and future financial conditions leading the way.

Gains in consumer confidence were concentrated in central Canada where Ontario's index rebounded from November's 3.7 point decline with an increase of 3.9 points while Quebec's index increased by 2.9 points after two months of decline. In the Prairies, the index was up by 1.4 points while the index for the Atlantic provinces was down by 1.6 points and in British Columbia, the index declined by 4.8 points after posting three consecutive gains.

*Source: The Conference Board of Canada*

The U.S. Consumer Confidence Index was up in December, with a gain of 3.7 points over November to stand at 109.0 (1985=100). Both the Present Situation Index and Expectations Index improved over the previous month with increases of 4.5 and 3.2 points, respectively. The fluctuations in the index in recent months are clouding the forecast in terms of future economic activity.

*Source: The Conference Board (U.S.)*

### Labour Force

Employment in Canada was up in December with 62,000 new jobs created pushing the national unemployment rate down 0.2 percentage points to 6.1%, the 30-year low. In 2006, employment was up by 2.1% over 2005 with the economy adding 345,000 jobs in this 14<sup>th</sup> consecutive year of employment increases.

In Ontario, employment increased by 42,000 (0.6%) in December. The unemployment rate improved to 6.1% with employment gains in the service sector, including health care and social assistance, trade and other services making up for continuing declines in the manufacturing sector

Overall employment in Ontario was up by 1.8% in 2006 with 113,000 jobs added in the province in 2006. The unemployment rate over 2006 was 6.3%.

In December 2006, employment in Ontario's tourism-related industries increased by 4.8% over 2005.

In 2006, employment in tourism-related industries experienced an increase of 4.1% over 2005.

*Source: Statistics Canada, Labour Force Survey*

### Bankruptcies

In December 2006, there were 2,442 bankruptcies in Ontario. Of these, 197 were businesses while the rest were consumers. Bankruptcies were down by 6.0% over December 2005 when there were 2,597 bankruptcies.

Of the business bankruptcies reported in December in Ontario, 20 were in accommodation and food services and 9 were in the arts, entertainment and recreation sector whereas in December 2005, there were 27 and 7 bankruptcies recorded in the sectors, respectively.

*Source: Office of the Superintendent of Bankruptcy Canada*

## Consumer Response Indicators

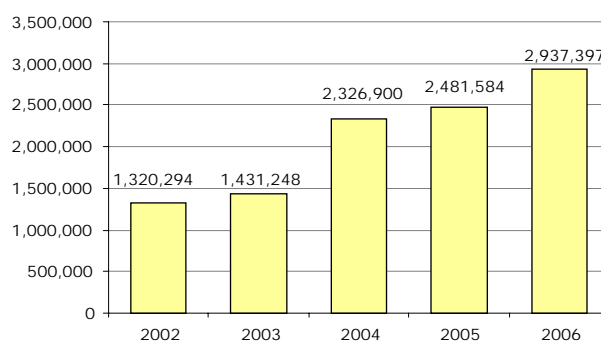
### 1-800-ONTARIO

The call volume to the 1-800-ONTARIO Call Centre continued to decrease in November, falling by 32.6% over December 2005. Overall call volume decreased by 27.6% in 2006 over 2005.

*Source: Electronic Data Systems*

### OntarioTravel.net

Visits to OntarioTravel.net  
 January - December



NOTE: Includes visits to both main and seasonal sites.

In December 2006, visits to Ontario's travel website **ontariotravel.net** increased by 21.8% over 2005. The main website experienced an increase of 21.2%, while the seasonal website saw an increase of 26.5%.

There have been more than 2.9 million user sessions at the combined ontariotravel.net websites, an 18.4% increase over 2005. Traffic growth on the seasonal website (36.1%) outpaced growth on the main website (15.5%).

Source: Electronic Data Systems

### **Ontario Travel Information Centres**

Visits to Ontario's Travel Information Centres (TICs) totalled approximately 49,000 in December 2006, a 2.9% decrease over December 2005.

In 2006, there were about 1.4 million visits to TICs, a 6.0% decrease over 2005.

Niagara Falls (13.1%) and Fort Erie (11.3%) saw notable traffic growth in 2006, while Lancaster (0.6%) and Toronto (-0.1%) remained stable over 2005.

#### **Change in Visits to Ontario's TICs**

Location	Dec. 2006 over 2005	2006 over 2005
Barrie	-5.2%	-3.9%
Cornwall	-16.4%	-8.4%
Fort Erie	-13.0%	+11.3%
Fort Frances	-2.6%	-4.0%
Niagara Falls	+28.5%	+13.1%
Sarnia	-29.5%	-13.2%
Sault Ste Marie	-13.0%	-8.3%
St. Catharines	-11.1%	-11.8%
Toronto	+34.1%	-0.1%
Windsor Park	+4.2%	-3.3%
Windsor HC	-7.9%	-15.9%
Hill Island	Closed for season	-12.1%
Kenora	Closed for season	-4.2%
Lancaster	Closed for season	0.6%
Pigeon River	Closed for season	-22.1%
Prescott	Closed for season	-21.1%
Rainy River	Closed for season	-7.9%
417	Closed for season	-16.8%
<b>TOTAL</b>	<b>-2.9%</b>	<b>-6.0%</b>

Source: Ontario Ministry of Tourism

### **Attendance at Agencies**

#### **Agencies**

The following table shows the percentage change in total visits at Ontario agencies for both December and 2006 overall.

Agency	Dec. 2006 over 2005	2006 over 2005
Royal Ontario Museum	+8.9%	-10.8%
Ontario Science Centre	-44.2%	n/a
Science North	+7.9%	+11.4%
McMichael Art Gallery	+51.0%	+6.4%
Art Gallery of Ontario	-60.6%	-38.0%
Ontario Heritage Trust	+7.2%	+1.5%
Ontario Place	-74.2%	-2.8%
Royal Botanical Gardens	+56.0%	+1.4%
Fort William Historical Park	+3.5%	+2.8%
Huronian Historical Park	-11.0%	-5.1%

#### **NOTES:**

- Attendance at other Ontario agencies will be reported as information becomes available.
- Ontario Heritage Trust includes: Fulford Place, Elgin & Winter Garden, Uncle Tom's Cabin.

## APPENDIX: BACKGROUND

### 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/tourdiv/research/trends.html>.

### Economic Impact of Tourism in 2004

- In 2004, tourism was Ontario's 7<sup>th</sup> 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)<sup>1</sup> 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.

<sup>1</sup> 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.

- 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 GDP<sup>2</sup> (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment<sup>3</sup> in Ontario reached 213,500 jobs, accounting for 3.3% of Ontario's total employment. Tourism was the 14<sup>th</sup> 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
- Total contribution of tourism to the employment in the province<sup>4</sup> (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism<sup>5</sup> 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 revenues<sup>6</sup>.
- 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 revenues<sup>7</sup> (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/tourdiv/research/trends.html>

<sup>2</sup> 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).

<sup>3</sup> 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.

<sup>4</sup> 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).

<sup>5</sup> 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

<sup>6</sup> 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.

<sup>7</sup> 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).