

## MARCH 2007

### Highlights

- In March, trips from the U.S. to Ontario posted a decline of 18.1% over March 2006. Overnight trips decreased by 7.8% while same-day travel was down 22.5% over the same month in 2006.
- In March, visits from overseas markets to Ontario increased by 3.7% over 2006.
- Meanwhile, in March, travel by Ontarians to the U.S. increased by 2.2% and travel to overseas countries increased by 7.0% over 2006.

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## Tourism Industry Statistics

### Border Crossings

#### Total International Entries

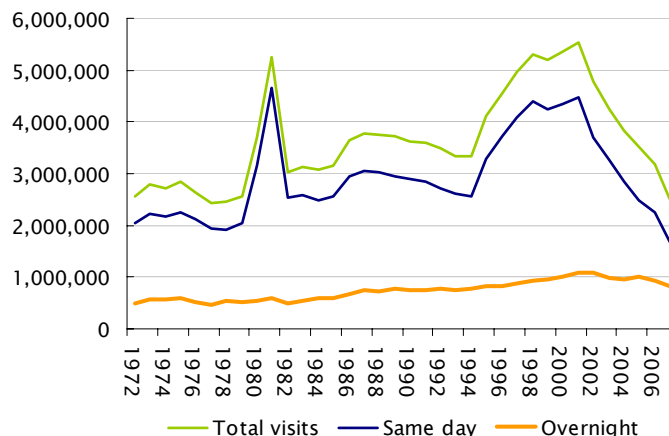
In March 2007, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 16.4% to approximately 1 million crossings, approximately 200,000 fewer visitors than in March 2006.

#### U.S. Entries

During the month of March 2007, U.S. border crossings to Ontario fell by 18.1% over 2006, their lowest level for the month since 1978.

For the first three months of 2007, U.S. border crossings into Ontario were down by 21.1% over the same period of 2006 – almost 55% fewer entries for the period than in 2001, the peak year for U.S. border crossings for the period.

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



During the month of March 2007, same day U.S. entries to Ontario were down by 22.5% over 2006, while overnight entries were down by 7.8%. During this period, overnight travel by auto declined by 6.1% and overnight non-auto travel declined by 10.5% over the same period in 2006.

In March 2007, commercial air travel<sup>1</sup> was down 9.7% over March 2006.

<sup>1</sup> Commercial air travel represents 97% of all air travel.

In the first three months of 2007, there were 1.7 million same-day U.S. entries to Ontario, a decrease of 25.8% (or more than half a million entries) from the same period in 2006. Overnight entries, which totalled 830,000 for the period, were down 9.8% (or approx. 90,000 entries) over the same period in 2006.

Other provinces also experienced noticeable declines in U.S. entries in March 2007, though Ontario's decline is the most significant.

Province	U.S. Entries March 2007 over 2006		U.S. Entries, YTD: Jan-March 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	934,072	-18.1%	2,511,880	-21.1%
B.C.	310,683	-5.1%	834,957	-5.7%
Quebec	152,199	-16.2%	439,685	-13.8%
Canada	1,564,138	-15.1%	4,240,160	-16.7%

Overseas Border Crossings to Ontario, Jan-March



Source: Statistics Canada

### Overseas Entries

In March 2007, overseas border crossings to Ontario were up by 3.7% over 2006.

In the first three months of 2007, overseas border crossings have increased by 1.3% over the same period in 2006.

In March, direct entries to Ontario from overseas countries were up by 4.9% over March 2006, while entries to Ontario via the U.S. were up by only 0.8%. Since January 2007, direct entries are up 3.1% while entries via the U.S. are down by 2.9%.

In March 2007, other provinces saw more notable increases in their overseas border crossings.

Province	Overseas Entries, March 2007 over 2006		Overseas Entries, YTD: Jan-March 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	96,477	+3.7%	246,678	+1.3%
B.C.	89,056	+7.3%	239,108	+7.0%
Quebec	43,028	+18.8%	122,437	+9.5%
Canada	257,050	+9.2%	685,379	+6.2%

Source: Statistics Canada

### Overseas Entries: Traditional Markets

In March 2007, Ontario saw an increase in visits from only one of its four primary overseas markets: Germany, while the U.K. remained stable and a decrease in visits was seen from both France and Japan.

In the first three months of 2007, only Germany posted an increase (9.5%) over the same period in 2006.

Market	March 2007 over 2006		YTD: Jan.-March 2007 over 2006	
	Entries*	% change	Entries*	% change
U.K.	18,925	+1.1%	47,701	-1.0%
Japan	7,732	-19.5%	18,110	-19.4%
Germany	5,811	+8.1%	15,239	+9.5%
France	2,907	-25.4%	8,834	-7.6%

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 March 2007, significant growth was seen in the number of entries from Mexico, South Korea and India compared to March 2006. Since January, seven of the markets listed have seen growth over the same period in 2006.

Market	March 2007 over 2006		YTD: Jan.-March 2007 over 2006	
	Entries*	% change	Entries*	% change
Mexico	6,784	+40.0%	15,996	+26.2%
Israel	4,177	+13.0%	10,112	+6.8%
South Korea	3,099	+26.1%	9,228	+12.2%
Brazil	3,390	-8.7%	9,920	-12.5%
India	3,042	+19.0%	7,659	+7.3%
Australia	2,125	+1.6%	5,962	-4.6%
China	2,005	-5.3%	5,846	+6.9%
Italy	1,900	+4.1%	5,538	+9.2%
Hong Kong	1,741	-0.8%	5,364	+1.7%
Netherlands	1,429	-17.0%	4,149	-8.7%

Source: Statistics Canada

### Outbound Travel

Travel by Ontarians to international destinations increased by 3.0% in March 2007 over 2006. Travel to the U.S. increased by 2.2%, while travel to overseas countries increased by 7.0%.

In the first three months of 2007, outbound travel by Ontarians has grown 1.6%, with growth in travel to overseas countries (+5.7%) outpacing growth in travel to the U.S. (0.6%).

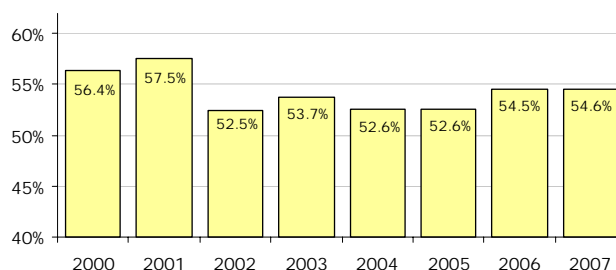
Source: Statistics Canada

### Accommodation

The occupancy rate at Ontario hotels in March 2007 was 58.4%, up 1.3 percentage points over 2006. Across the province, occupancy was highest in Sudbury (74.9%), Hamilton/Brantford (70.0%), at the Toronto airport (69.6%) and in downtown Ottawa (69.2%). Of these locations, it was Sudbury (+9.3) and Hamilton/Brantford (+9.3) that posted the most significant increases over March 2006. Other locations, including Ottawa East and West (+10.0 and +7.9) posted notable improvements in their occupancy rates over March 2006.

For the first three months of 2007, the occupancy rates at Ontario hotels averaged 54.6%, an increase of just 0.1 of a percentage point over 2006 – still below 2001 levels for the same period.

Ontario Hotel Occupancy Rates, Jan. - March



The average daily rate (ADR) in Ontario increased by 3.0% in March 2007 to \$121.48, with downtown Toronto (\$158.19) and downtown Ottawa (\$134.93) achieving the highest ADRs for the month. Almost all regions posted increases, with the exceptions of Windsor (-3.4%) and Niagara Falls (-3.2%). The biggest gains were seen in Hamilton/Brantford (11.4%), Ottawa East (8.0%) and Kingston (6.9%).

The ADR in Ontario for the first three months of the year increased 2.3% to \$120.26. The biggest gains in ADR for the period were Kingston (5.6%) and Ottawa East (5.6%).

Revenue per available room (revPAR) in March 2007 increased by 5.3% over 2006, contributing to a 2.4% increase in revPAR in the first three months of the year. There is significant variability across the regions, with Hamilton/Brantford (20.1%), Ottawa East and West (18.9% and 12.9%), downtown Toronto (12.2%) and Sudbury (12.1%) showing considerable growth, and Windsor (-26.4%), Central Ontario (-19.0%) and Sault Ste. Marie (-13.2%) experiencing significant declines in their revPAR.

Source: PKF Consulting, Hotel Trends

### Canadian Air Carriers Data

Air Canada's overall passenger traffic, measured in revenue-passenger miles (RPMs), continued to increase in March 2007, up 5.0% over March 2006. Domestic air travel was up by 5.0% on Air Canada's mainline, while Jazz saw an increase of 16.8% in domestic traffic.

Since January 2007, passenger traffic for Air Canada and Jazz combined has increased by 4.1% over the same period of 2006.

Passenger traffic growth continued for WestJet in March 2007 with a 22.5% gain over March 2006.

Overall traffic for WestJet in the first three months of 2007 is also 22% over 2006.

*Source: InterVISTAS, aircanada.ca and westjet.ca*

### Travel Price Index

Ontario's Travel Price Index (TPI) was unchanged in March 2007 over the previous month. An increase in the cost of auto operation was offset by decreases in the cost of travellers' accommodation and food and personal care items.

Looking back over the last year, Ontario's TPI was 0.4% higher in March 2007 than in 2006. Increases in the cost of inter-city and local transportation and in various food and beverage purchases were largely offset by declines in the cost of travellers' accommodation, recreational equipment and services, clothing and personal care items.

Ontario's Consumer Price Index (CPI) in March 2007 increased by 1.0% over the previous month, while an increase of 1.8% was seen over March 2006, attributed mainly to higher gasoline prices

*Source: Statistics Canada, Ontario Ministry of Tourism*

The U.S. Travel Price Index increased by 2.6% in March 2007 compared to the previous month, while the index was up by 2.8% over March 2006, also as a result of higher gasoline prices.

*Source: Travel Industry Association of America.*

## Economic Indicators

### Consumer Confidence

The national consumer confidence index remained relatively stable in March at 99.9 (2002=100), a 0.4 point increase over February. That said, there was a notable shift in the various categories that make up the index. Consumers were less positive about their family's current financial condition, and were less optimistic about future financial conditions and the future job market. The positive movement in the balance of opinion about intentions to make a major purchase, however, more than offset the declines in the three other areas.

Ontario's index of consumer confidence gained 1.4 points in March 2007 while the Quebec index gained 2.6 points – concentrating the gains in Central Canada. The Prairies declined by 2.1 points and the British Columbia index saw a decline of 1.6 points after gaining 8.6 points the previous month. The index for Atlantic Canada fell 3.4 points.

*Source: The Conference Board of Canada*

The U.S. Consumer Confidence Index retreated in March, down 4.0 points from February, to stand at 107.2 (1985=100). While the Present Situations Index increased slightly, the Expectations Index declined.

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

### Labour Force

Employment in Canada increased in March 2007, up by an estimated 55,000 new jobs. Despite the growth in employment, the national unemployment rate remained unchanged at 6.1% as gains were offset by more people entering the workforce.

Since March 2006, employment is up by 2.4% with the economy adding 395,000 jobs.

Ontario's employment is growing more slowly than the national average, with employment up only 1.6% (+105,000 jobs) over the past 12 months. In March 2007, Ontario's unemployment rate increased 0.2 percentage points to 6.5%.

In March, employment in Ontario's tourism-related industries increased by 18.3% over March 2006.

*Source: Statistics Canada, Labour Force Survey*

### **Bankruptcies**

In March 2007, there were 2,953 bankruptcies in Ontario. Of these, 238 were businesses while the rest were consumers. Bankruptcies were down by 5.0% over March 2006 when there were 3,111 bankruptcies.

Of the business bankruptcies reported in March 2007 in Ontario, 23 were in accommodation and food services and 3 were in the arts, entertainment and recreation sector whereas in March 2006, there were 38 and 9 bankruptcies recorded in the sectors, respectively.

*Source: Office of the Superintendent of Bankruptcy Canada*

## **Consumer Response Indicators**

### **1-800-ONTARIO**

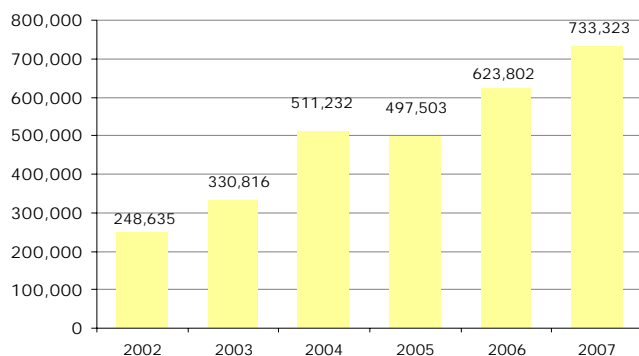
There were approximately 11,500 calls to the 1-800-ONTARIO Call Centre in March 2007, a decrease of 13% over March 2006, contributing to a decrease of 14% in the first three months of 2007 over the same period in 2006.

*Source: Electronic Data Systems*

### **OntarioTravel.net**

In March 2007, there were more than 288,000 user sessions on Ontario's travel website **ontariotravel.net**, an increase of 37% over 2006. The main website saw an increase of 28%, while the seasonal site experienced a surge of more than 150%.

**Visits to OntarioTravel.net  
Jan.-March**



Over the first three months of 2007, there were 18% more user sessions than in the same period in 2006, with 17% more traffic to the main site and 23% more traffic to the seasonal site.

*Source: Electronic Data Systems*

### **Ontario Travel Information Centres**

Visits to Ontario's Travel Information Centres (TICs) totalled about 58,500 in March 2007, a decrease of 10.4% over March 2006.

In the first three months of 2007, there have been approximately 140,000 visits to TICs, a 13.0% decrease over the same period in 2006.

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

Location	March 2007 over 2006	YTD: Jan.-March 2007 over 2006
Barrie	-10.6%	-5.7%
Cornwall	-15.3%	-11.3%
Fort Erie	-12.2%	-13.1%
Fort Frances	11.2%	-3.8%
Niagara Falls	-2.0%	-2.9%
Sarnia	-25.0%	-19.6%
Sault Ste Marie	-17.8%	-18.7%
St. Catharines	-14.9%	-22.0%
Toronto	4.9%	-2.4%
Windsor Park	-9.1%	-20.1%
Windsor HC	-11.8%	-17.8%
Hill Island	Closed for season	Closed for season
Kenora	Closed for season	Closed for season
Lancaster	Closed for season	Closed for season
Pigeon River	Closed for season	Closed for season
Prescott	Closed for season	Closed for season
Rainy River	Closed for season	Closed for season
417	Closed for season	Closed for season
<b>TOTAL</b>	<b>-10.4%</b>	<b>-13.0%</b>

*Source: Ontario Ministry of Tourism*

**Attendance at Agencies**

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

Agency	March 2007 over 2006	YTD: Jan.-March 2007 over 2006
Royal Ontario Museum	+6.4%	-7.2%
Ontario Science Centre	+5.4%	-46.0%
Science North	-11.5%	-4.5%
Art Gallery of Ontario	-31.7%	-13.2%
McMichael Art Gallery	+3.3%	+38.4%
Royal Botanical Gardens	n/a	+470.0%*
Huronian Historical Park	-29.4%	+9.2%
Fort William Historical Park	+362.2%*	+220.4%

\* Significant variability due to small attendance counts, or significant event occurring in one of the reporting periods.

**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

### 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/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>2</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.
- 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>3</sup> (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment<sup>4</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

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<sup>2</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.

<sup>3</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>4</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.

- Total contribution of tourism to the employment in the province<sup>5</sup> (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism<sup>6</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>7</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>8</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>

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<sup>5</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>6</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>7</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>8</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).