

MAY 2007

Highlights

- In May, trips from the U.S. to Ontario posted a decline of 12.9% over 2006. Overnight trips decreased by 3.8% while same-day travel was down 18.8% over the same month in 2006.
- In May, visits from overseas markets to Ontario decreased by 3.7% over 2006.
- Meanwhile, in May, travel by Ontarians to overseas countries increased by 6.8% while travel to the U.S. increased by 1.7% over 2006.

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Tourism Industry Statistics

Border Crossings

Total International Entries

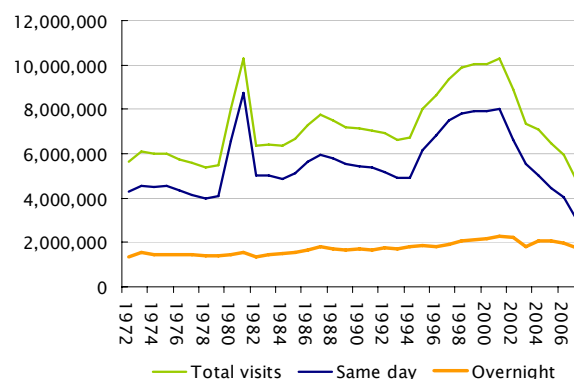
In May 2007, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 12.0% to approximately 1.5 million crossings, almost 200,000 fewer visitors than in May 2006.

U.S. Entries

During the month of May 2007, U.S. border crossings to Ontario fell by 12.9% over 2006.

For the first five months of 2007, U.S. border crossings into Ontario were down by 19.0% over the same period of 2006 – 51% fewer entries for the period than in 1998, the peak year for U.S. border crossings.

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



During the month of May 2007, same day U.S. entries to Ontario were down by 18.8% over 2006, while overnight entries were down by 3.8%. During this period, overnight travel by auto declined by 1.2% and overnight non-auto travel declined by 8.8% over 2006.

In May 2007, commercial air travel¹ was down 7.0% over May 2006. Over the first five months of 2007, commercial air travel was down 9.6% over the same period in 2006.

¹ Commercial air travel represents 97% of all air travel.

In the first five months of 2007, there were 3.1 million same-day U.S. entries to Ontario, a decrease of 24.0% (or almost 1 million entries) from the same period in 2006. Overnight entries, which totalled 1.8 million for the period, were down 8.9% (or approx. 175,000 entries) over the same period in 2006.

Among other provinces, Ontario experienced the most significant decline in May 2007 and also in the first five months of 2007 over 2006.

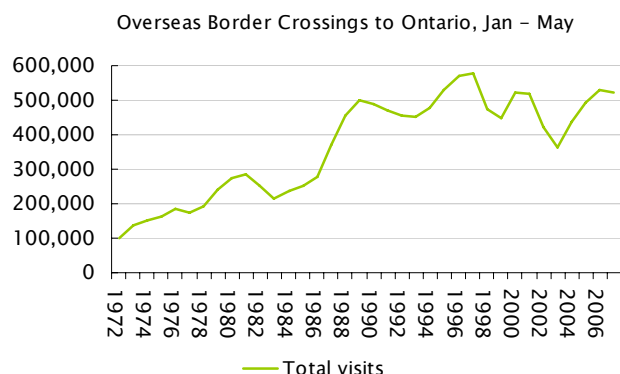
Province	U.S. Entries May 2007 over 2006		U.S. Entries, YTD: Jan - May 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	1,302,176	-12.9%	4,830,005	-19.0%
B.C.	463,884	-0.1%	1,601,646	-5.3%
Quebec	213,164	-5.9%	819,125	-12.4%
Canada	2,235,140	-8.8%	8,130,612	-15.0%

Source: Statistics Canada

Overseas Entries

In May 2007, overseas border crossings to Ontario were down by 3.7% over 2006.

In the first five months of 2007, overseas border crossings have decreased by 1.1% over the same period in 2006.



In May, direct entries to Ontario from overseas countries were the same as in May 2006, while entries to Ontario via the U.S. were down by 11.5%. In the first five months of 2007, direct entries were on par with 2006, up 0.2%, while entries via the U.S. were down 3.8%.

In May 2007, while Ontario experienced a decline in overseas border crossings, British Columbia and Quebec experienced increases. The same trend can be seen in the first five months of 2007.

Province	Overseas Entries, May 2007 over 2006		Overseas Entries, YTD: Jan - May 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	160,611	-3.7%	522,648	-1.1%
B.C.	151,933	+4.2%	477,860	+3.5%
Quebec	62,327	+3.5%	233,142	+6.8%
Canada	418,092	+1.0%	1,378,889	+3.1%

Source: Statistics Canada

Overseas Entries: Traditional Markets

In May 2007, Ontario saw decrease in visits from three of its four primary overseas markets – Germany, France and Japan – while the U.K. showed a small increase in visitors.

Over the first five months of 2007, all four primary markets have posted decrease over the same period in 2006.

Market	May 2007 over 2006		YTD: Jan - May 2007 over 2006	
	Entries*	% change	Entries*	% change
U.K.	36,952	+2.9%	107,076	-1.6%
Japan	8,454	-32.9%	34,529	-20.0%
Germany	11,126	-6.6%	32,537	-1.5%
France	5,443	-5.5%	17,810	-7.9%

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 May 2007, significant growth was seen in the number of entries from China, South Korea, India and Mexico compared to May 2006. In the first five months of 2007, six of the markets listed have seen growth over the same period in 2006.

Market	May 2007 over 2006		YTD: Jan - May 2007 over 2006	
	Entries*	% change	Entries*	% change
Mexico	6,937	+7.0 %	30,036	+10.0%
Israel	3,819	-36.0%	17,444	-15.3%
Brazil	4,452	-0.1%	18,026	-6.4%
South Korea	6,017	+19.0%	18,928	+11.7%
India	7,260	+4.8%	19,252	+7.9%
China	5,047	+33.8%	14,199	+19.5%
Italy	3,318	-1.0%	11,971	+9.7%
Australia	4,125	+16.0%	8,646	+1.0%
Hong Kong	3,162	-5.0%	10,388	-5.7%
Netherlands	4,614	-0.2%	11,345	-2.1%

Source: Statistics Canada

Outbound Travel

Travel by Ontarians to international destinations increased by 2.4% in May 2007 over 2006. Travel to the U.S. increased by 1.7%, while travel to overseas countries increased by 6.8%.

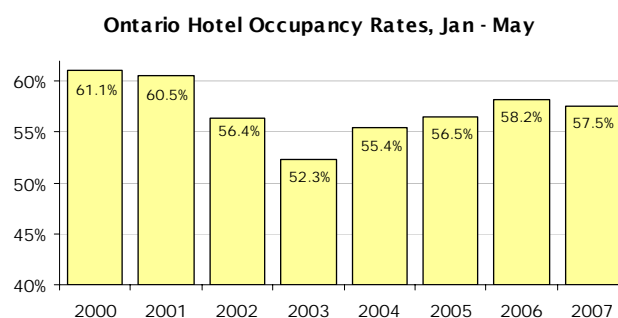
In the first five months of 2007, outbound travel by Ontarians has grown by 1.6%, with growth in travel to overseas countries (5.6%) outpacing growth in travel to the U.S. (0.8%).

Source: Statistics Canada

Accommodation

The occupancy rate at Ontario hotels in May 2007 was 65.8%, down 1.8 percentage points over 2006. Across the province, occupancy was highest in downtown Ottawa (81.3%), downtown Toronto (76.5%) and Thunder Bay (74.9%). However, of these, only Thunder Bay held steady (0.3 point increase over last year) while the two downtown locations posted notable declines (2.4 and 4.0 percentage points, respectively) over May 2006.

For the first five months of 2007, the occupancy rates at Ontario hotels averaged 57.5%, a decrease of 0.8 of a percentage point over 2006 – still below 2001 levels for the same period.



The average daily rate (ADR) in Ontario decreased by 0.3% in May 2007 to \$128.42, with downtown Toronto (\$183.58) and downtown Ottawa (\$146.24) achieving the highest ADRs for the month, followed by Niagara Falls (\$134.83). A number of locations experienced notable increases in ADR, including Hamilton/Brantford (10.6%), Ottawa East (9.0%), other Niagara region hotels (7.1%) and Sault Ste. Marie (6.0%).

The ADR in Ontario for the first five months of the year increased 1.2% to \$122.55. The biggest gains for the period were in Hamilton/Brantford (8.0%), Ottawa East (6.9%) and Sault Ste. Marie (5.3%).

Revenue per available room (revPAR) in May 2007 decreased by 3.0% over 2006, resulting in a decrease in revPAR over the first five months of the year (-0.2%) over 2006. There is significant variability across the regions, with Hamilton/Brantford (12.1%) and Ottawa East and West (8.8% and 9.4%) showing considerable growth, while Windsor (-17.4%) and Central Ontario (-15.5%) experienced significant declines in their revPAR over the period.

Source: PKF Consulting, Hotel Trends

Canadian Air Carriers Data

Air Canada's overall passenger traffic, measured in revenue-passenger miles (RPMs), decreased marginally in May 2007, down 0.2% over May 2006. Domestic air travel was up by 1.4% on Air Canada's mainline, while international and charter traffic was down 1.0%. Meanwhile, Jazz saw an increase of 19.8% in passenger traffic as Air Canada continues to transfer seat capacity.

In the first five months of 2007, overall passenger traffic for Air Canada and Jazz combined has increased by 3.0% over the same period of 2006.

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

Source: InterVISTAS, aircanada.ca and westjet.ca

Ontario's Consumer Price Index (CPI) in May 2007 increased by 0.5% over the previous month, while there was an increase of 1.9% over May 2006.

Source: Statistics Canada, Ontario Ministry of Tourism

The U.S. Travel Price Index increased by 1.3% in May 2007 compared to the previous month, while the index was up by 3.5% over May 2006, mostly attributed to higher gasoline prices.

Source: Travel Industry Association of America.

Economic Indicators

Consumer Confidence

The national consumer confidence index increased marginally in May to reach 99.0 (2002=100), an increase of 0.2 of a percentage point over the previous month. Optimism about future job prospects was balanced by caution about current income.

Optimism in Atlantic Canada and Quebec, where the index was up 3.6 and 3.3 points, respectively, propped up declines in British Columbia (-1.8), the Prairies (-1.4) and Ontario (-1.2).

Source: The Conference Board of Canada

The U.S. Consumer Confidence Index, which had decreased in April, regained in May to stand at 108.0 (1985=100), up 1.7 points over the previous month.

Source: The Conference Board (U.S.)

Labour Force

Employment in Canada in May 2007 again showed little change over the previous month. The national unemployment rate remained unchanged at 6.1%. Since May 2006, employment is up by 1.8% with the economy adding 289,900 jobs.

Ontario's employment continues to grow more slowly than the national average as it struggles with declines in manufacturing and in business, building and support services. Employment is up only 0.8% (50,200 jobs) over the past 12 months. In May 2007, Ontario's unemployment rate decreased 0.3 percentage points to 6.3%.

In May, employment in Ontario's tourism-related industries increased by 9.0% over the previous month as more people were employed in performing arts companies, heritage institutions, restaurants and RV and recreation camps – likely gearing up for the summer season. Employment is up by 13.1% over May 2006 across the sector.

Source: Statistics Canada, Labour Force Survey

Bankruptcies

In May 2007, there were 3,113 bankruptcies in Ontario. Of these, 202 were businesses while the rest were consumers. Bankruptcies were up by 11% over May 2006 when there were 2,830 bankruptcies.

Of the business bankruptcies reported in May 2007 in Ontario, 24 were in accommodation and food services and 5 were in the arts, entertainment and recreation sector. In May 2006, there were 26 and 8 bankruptcies recorded in these sectors, respectively.

Source: Office of the Superintendent of Bankruptcy Canada

Consumer Response Indicators

1-800-ONTARIO

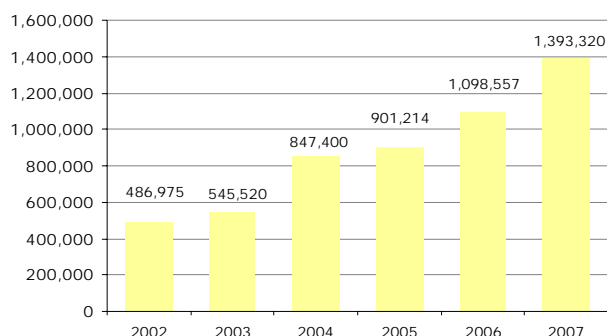
There were approximately 19,500 calls to the 1-800-ONTARIO call centre in May 2007, an increase of 8% over May 2006. The same increase can be seen in the first five months of 2007 over the same period in 2006.

Source: Electronic Data Systems

OntarioTravel.net

In May 2007, there were more than 325,000 user sessions on Ontario's travel website **ontariotravel.net**, an increase of 17% over 2006. The main website saw an increase of 14%, while the seasonal site experienced an increase of 34%.

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



Over the first five months of 2007, there were 27% more user sessions than in the same period in 2006, with 20% more traffic to the main site and 80% more traffic to the seasonal site.

Source: Electronic Data Systems

Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) totalled about 110,000 in May 2007, a decrease of 6.1% over May 2006.

In the first five months of 2007, there have been approximately 315,000 visits to TICs, an 11.6% decrease over the same period in 2006.

Change in Visits to Ontario's TICs

Location	May 2007 over 2006	YTD: Jan - May 2007 over 2006
Barrie	0.3%	-3.4%
Cornwall	6.3%	-8.3%
Fort Erie	3.4%	-8.5%
Fort Frances	-9.3%	-7.8%
Niagara Falls	2.9%	-3.6%
Sarnia	-9.2%	-17.9%
Sault Ste Marie	-11.3%	-17.8%
St. Catharines	-8.2%	-19.8%
Toronto	-25.6%	-11.7%
Windsor Park	-6.0%	-15.9%
Windsor HC	-14.2%	-15.7%
Hill Island	-1.8%	-1.8%*
Kenora	-20.9%	-20.9%*
Lancaster	74.6%	74.6%*
Pigeon River	-9.8%	-9.8%*
Prescott	2.2%	2.2%*
Rainy River	-43.1%	-43.1%*
417	3.4%	3.4%*
TOTAL	-6.1%	-11.6%

Source: Ontario Ministry of Tourism

* Locations opened in May.

Attendance at Agencies

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

Agency	May 2007 over 2006	YTD: Jan – May 2007 over 2006
Royal Ontario Museum	+3.5%	-0.4%
Ontario Science Centre	-6.9%	-37.3%
Science North	-20.6%	-7.4%
Art Gallery of Ontario	-17.2%	-17.1%
McMichael Art Gallery	+8.1%	+23.0%
Ontario Heritage Trust	+45.7%*	+35.5%*
Ontario Place	-21.0%	-22.0%
Huronia Historical Park	+0.9%	+2.7%
Fort William Historical Park	+273.2%*	+226.1%*
Upper Canada Village**	+19.5%	n/a
Fort Henry**	-0.3%	n/a

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

** Facilities opened in May.

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 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)² 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 GDP³ (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment⁴ 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

² 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.

³ 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).

⁴ 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 province⁵ (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism⁶ 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 revenues⁷.
- 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 revenues⁸ (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>

⁵ 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).

⁶ 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

⁷ 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.

⁸ 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).