

## SEPTEMBER 2007

### Highlights

- In September, trips from the U.S. to Ontario posted a decline of 10.2% over 2006. Same-day travel was down by 15.7%, while overnight trips were down by 3.1% over the same month in 2006.
- In September, visits from overseas markets to Ontario decreased by 1.0% over 2006.
- Meanwhile, in September, travel by Ontarians to the U.S. increased by 11.2% while travel to overseas countries increased by 3.4% over 2006.

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### Tourism Industry Statistics

#### Border Crossings

##### Total International Entries

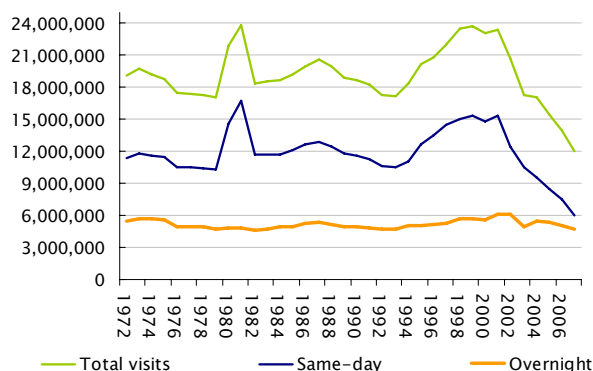
In September 2007, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 9.1% to under 1.6 million crossings, about 150,000 fewer international visitors than in September 2006.

Over the first nine months of 2007, international border crossings to Ontario were down by 12.5% over the same period last year.

##### U.S. Entries

During the month of September 2007, U.S. border crossings to Ontario fell by 10.2% over 2006. For the first nine months of 2007, U.S. border crossings were down by 13.7% over the same period of 2006 – almost half the entries than in the same period in 1999, the recent peak year for U.S. border crossings.

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



During the month of September 2007, same-day U.S. entries to Ontario were down by 15.7% over 2006, while overnight entries were down by 3.1%.

During this period, overnight travel by auto decreased by 4.7% while overnight non-auto travel increased by 0.6% over 2006.

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

In the first nine months of 2007, there were 6.7 million same-day U.S. entries to Ontario, a decrease of 19.7% (or 1.6 million entries) from the same period in 2006. Overnight entries, which totalled 5.4 million for the period, were down 4.9% (or approx. 275,000 entries) over the same period in 2006.

In September 2007, commercial air travel<sup>1</sup> from the U.S. to Ontario was down 10.1% over 2006. Over the first nine months of 2007, commercial air travel was down 9.9% over 2006.

Ontario's decline in U.S. border crossings for the month of September was similar to that experienced by other provinces. However, Ontario's decline is much more significant than that of other provinces over the first nine months of 2007 over 2006.

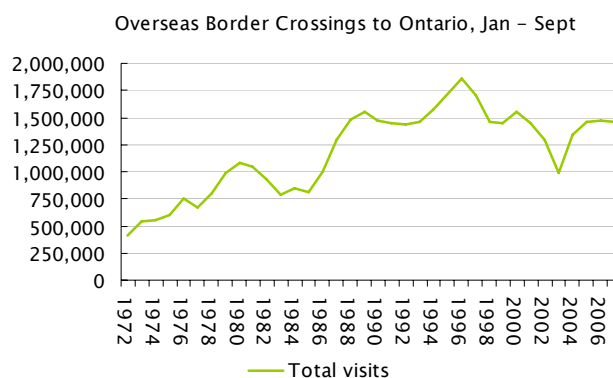
Province	U.S. Entries Sept. 2007 over 2006		U.S. Entries, YTD: Jan. - Sept. 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	1,349,424	-10.2%	12,053,979	-13.7%
B.C.	508,130	-8.0%	4,253,130	-5.0%
Quebec	217,897	-10.1%	1,931,747	-9.1%
Canada	2,438,850	-7.9%	20,891,198	-10.5%

Source: Statistics Canada

### Overseas Entries

In September 2007, overseas border crossings to Ontario decreased by 1.0% over 2006.

In the first nine months of 2007, overseas border crossings have decreased by 0.8% over the same period in 2006.



In September, direct entries from overseas countries were down 0.6% from September 2006, while entries to Ontario via the U.S. were down by 2.0%.

In the first nine months of 2007, direct entries to Ontario were up by 1.2% over 2006, while entries via the U.S. were down 5.4%.

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

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

Province	Overseas Entries, Sept. 2007 over 2006		Overseas Entries, YTD: Jan. - Sept. 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	214,310	-1.0%	1,462,010	-0.8%
B.C.	172,091	+4.7%	1,259,640	+3.8%
Quebec	98,487	+4.6%	656,859	+6.4%
Canada	547,830	+2.6%	3,807,258	+3.5%

Source: Statistics Canada

<sup>1</sup> Commercial air travel represents 96% of all air travel.

### Overseas Entries: Traditional Markets

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

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

Market	Sept. 2007 over 2006		YTD: Jan. - Sept. 2007 over 2006	
	Entries*	% change	Entries*	% change
U.K.	46,849	-1.3%	314,882	+0.9%
Germany	18,683	+7.5%	98,551	-0.3%
Japan	16,464	-8.1%	88,469	-19.2%
France	12,075	-16.7%	57,700	-16.3%

Source: Statistics Canada

### Overseas Entries: Emerging Markets

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

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

Market	Sept. 2007 over 2006		YTD: Jan. - Sept. 2007 over 2006	
	Entries*	% change	Entries*	% change
Mexico	9,673	+17.6%	85,376	+18.2%
South Korea	8,991	+17.6%	59,277	+9.3%
India	5,501	+4.3%	45,510	+5.4%
Israel	4,892	-20.2%	41,933	-16.7%
China	8,183	+10.9	44,441	+18.3%
Brazil	5,099	-4.9%	40,075	-1.6%
Italy	4,817	-12.3%	43,102	-0.8%
Netherlands	5,701	-10.8%	36,011	-12.3%
Australia	5,213	+5.2%	35,835	+5.4%
Hong Kong	3,501	+1.1%	27,593	-4.6%

Source: Statistics Canada

\*Number of non-resident travellers entering Canada, by country of residence (excluding the United States).

### Outbound Travel

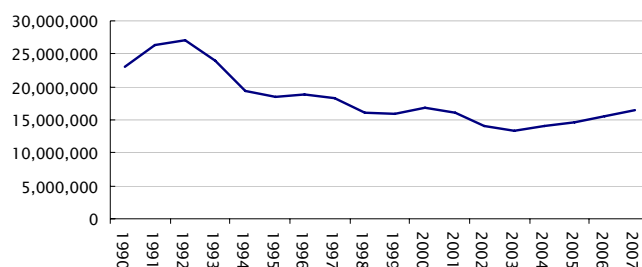
**Ontarians are travelling outside of Canada in record numbers.**

Travel by Ontarians to international destinations increased by 11.2% in September 2007 over 2006. In the first nine months of 2007, outbound travel by Ontarians has grown by 4.7% (about 730,000 visits).

#### Travel to the U.S.

Travel to the U.S. jumped by 12.3% in September, led by an 18.8% increase in overnight visits. Same-day visits were up 8.9%.

Outbound Border Crossings to the U.S., Jan - Sept

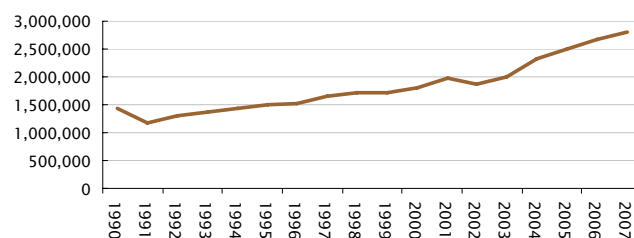


In the first nine months of 2007, outbound travel by Ontarians to the U.S. has increased by 4.6%, with overnight travel up by 7.1% over the same period of 2006 and same-day travel up by 3.1%.

#### Travel to Overseas Countries

Travel to overseas countries increased by 3.4% in September 2007 over 2006.

Outbound Border Crossings to Overseas, Jan - Sept



Over the period of January to September 2007, travel by Ontarians to overseas countries has grown by 4.9% over the same period of 2006.

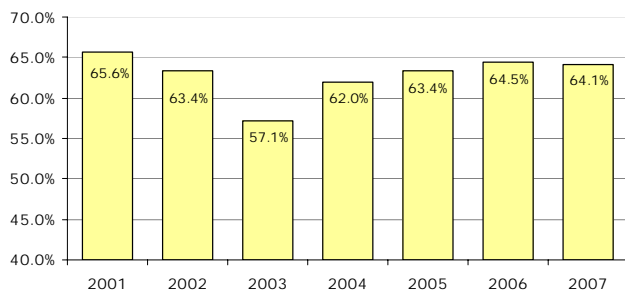
Source: Statistics Canada

## Accommodation

The occupancy rate at Ontario hotels in September 2007 was 74.4%, down 1.3 percentage points over 2006. Across the province, occupancy was highest in downtown Toronto (85.1%), downtown Ottawa (80.2%), Ottawa West (79.8%) and Sudbury (79.4%). Of these regions, only Sudbury experienced an increase in occupancy over the previous year.

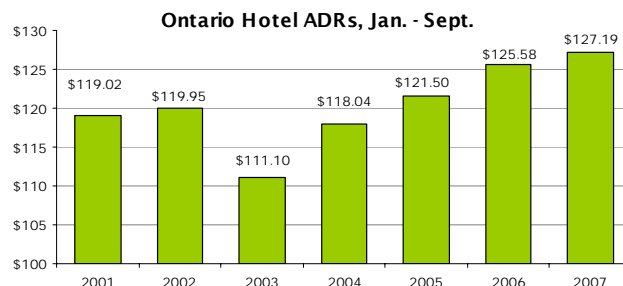
For the first nine months of 2007, the occupancy rates at Ontario hotels averaged 64.1%, a decrease of 0.3 of a percentage point over 2006 – noticeably below 2001 levels for the same period.

Ontario Hotel Occupancy Rates, Jan. - Sept.



Despite lower occupancy rates, the average daily rate (ADR) in Ontario increased by 2.0% in September 2007 to \$136.45, with downtown Toronto (\$194.88), Niagara Falls (\$155.82), downtown Ottawa (\$144.71), and Kingston (\$136.49) achieving the highest ADRs for the month. Most of the regions experienced ADR growth over the month, led by Sault Ste. Marie (+7.7%), Ottawa West (+6.5%) and Kingston (+6.1%). The exceptions were Central Ontario (-4.6%) and GTA West (-1.9%), who each saw declines over the month.

The ADR in Ontario for the first nine months of the year increased 1.3% to \$127.19. All regions, except Windsor (-6.1%), Central Ontario (-1.3%) and downtown Toronto (-0.3%), have seen increases in ADR over the period. The biggest gains can be seen in Hamilton/Brantford (6.6%), Ottawa East (6.3%) and Sault Ste. Marie (5.0%).



Revenue per available room (revPAR) in September 2007 increased marginally (+0.3%) over 2006. For the period of January to September 2007, revPAR has increased a modest 0.7% over the same period of 2006.

Significant variability continues across the regions, with Ottawa West and East (+10.3% and +9.0%), Hamilton/ Brantford (+6.5%) and Kingston (+5.1%) showing considerable growth in revPAR over the period, while Windsor (-8.7%) and Central Ontario (-6.8%) experience 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 3.0% in September 2007 over 2006. In the first nine months of 2007, overall passenger traffic has increased by 2.7% over the same period of 2006.

Passenger traffic growth for WestJet continued in September 2007 with an 18% gain over 2006, and a 20% increase in overall traffic in the first nine months of 2007 over 2006.

Source: InterVISTAS, aircanada.ca and westjet.ca

### Travel Price Index

In September 2007, Ontario's Travel Price Index (TPI) decreased by 1.1% over the previous month. Small increases in a number of categories were more than offset by a decrease in the cost of inter-city transportation.

Looking back over the last year, Ontario's TPI was down by 0.5% in September 2007 over 2006. Increases in the cost of auto operation, food and beverage and other recreational services were more than offset by declines in the cost of inter-city transportation, travellers' accommodation, recreational equipment and services and home recreation equipment.

Ontario's Consumer Price Index (CPI) increased by a marginal 0.1% in September 2007 over the previous month, while there was an increase of 2.3% over September 2006.

*Source: Statistics Canada, Ontario Ministry of Tourism*

The U.S. Travel Price Index decreased by 1.3% in September compared to the previous month, while the index was up by 5.1% over September 2006.

*Source: Travel Industry Association of America*

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## **Economic Indicators**

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### Consumer Confidence

The national consumer confidence index in September showed little change over the previous month, moving up a modest 0.4 points to 99.9 (2002=100). Consumers were slightly less optimistic about future financial conditions but were more likely to think now was a good time for major purchases.

Consumer confidence was largely unchanged across the country relative to last month, with the exception of the Atlantic Provinces – whose index gained 5.2 points. Ontario, like all other regions, showed little change – advancing 0.4 points.

*Source: The Conference Board of Canada*

The U.S. Consumer Confidence Index, which was down sharply in August, fell a further 5.8 points to close at 99.8 (1985=100). Consumer Confidence in the U.S. was at its lowest level in almost two years.

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

### Labour Force

Employment in Canada was up again in September, with 51,000 new jobs created. The national unemployment rate dipped 1 percentage point in September to 5.9%, the first time since 1974 that the rate has been below 6%. Since September 2006, employment was up by 2.5% with the economy adding 3410,100 jobs.

Ontario added 30,000 new jobs in September, reducing the unemployment rate by 0.2 percentage points to 6.2%. The largest gains in employment in the province were in educational services and in information, culture and recreation. Over the past 12 months, employment was up 2.1% (134,300 jobs), though the province is still lagging behind the national job growth rate, due in part to losses in the manufacturing sector.

In September, employment in Ontario's tourism-related industries decreased by 8.9% over the previous month. Employment was up by 9.8% over September 2006 across the sector, however, with more people employed in restaurants, travel arrangement and reservations, spectator sports and traveller accommodations.

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

### Bankruptcies

In September 2007, there were 2,801 bankruptcies in Ontario. Of these, 179 were businesses while the rest were consumers. Bankruptcies were up 3% over September 2006.

Of the business bankruptcies reported in September 2007 in Ontario, 20 were in accommodation and food services and 8 were in the arts, entertainment and recreation sector. In September of 2006, there were 20 and 5 bankruptcies recorded in these sectors, respectively.

*Source: Office of the Superintendent of Bankruptcy Canada*

## Consumer Response Indicators

### 1-800-ONTARIO

There were approximately 11,000 calls to the 1-800-ONTARIO call centre in September 2007, down 6% over September 2006. In the first nine months of 2007, the call centre has received about 170,000 calls, a 4% decrease over the same period in 2006.

Source: Electronic Data Systems

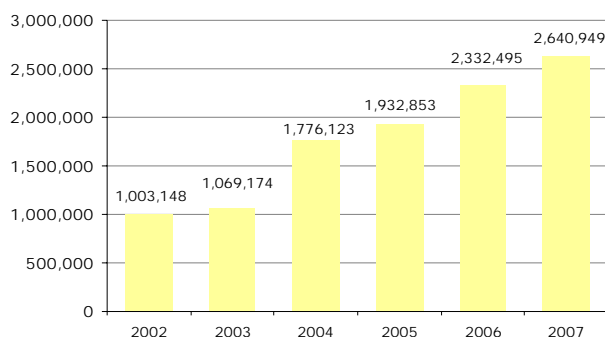
### OntarioTravel.net

In September 2007, there were more than 230,000 user sessions on Ontario's travel website **ontariotravel.net**, a decrease of 22% over 2006. User sessions were down by 60% on the seasonal site while traffic was down 14% on the main website.

User sessions over the first nine months of 2007 have exceeded 2.6 million, an increase of 13% over the same period in 2006. Traffic on the main site is up 12%, while traffic on the seasonal site is up 22%.

Source: Electronic Data Systems

Visits to OntarioTravel.net  
Jan - Sept



## Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) totalled almost 125,000 in September 2007, a decrease of 9.4% over 2006.

In the first nine months of 2007, there have been approximately 1.1 million visits to TICs, an 11.1% decrease over the same period in 2006.

### Change in Visits to Ontario's TICs

Location	Sept. 2007 over 2006	YTD: Jan. - Sept. 2007 over 2006
Barrie	-2.0%	-2.8%
Cornwall	-2.7%	-10.8%
Fort Erie	-6.9%	-2.8%
Fort Frances	-43.7%	-24.1%
Niagara Falls	-11.5%	-8.3%
Sarnia	-1.3%	-13.9%
Sault Ste Marie	-22.5%	-17.1%
St. Catharines	-8.7%	-12.8%
Toronto	-20.4%	-12.9%
Windsor Park	-1.9%	-10.1%
Windsor HC	-9.0%	-15.6%
Hill Island	-4.1%	-6.9%
Kenora	-42.5%	-2.1%
Lancaster	11.7%	-20.0%
Pigeon River	-4.1%	-12.6%
Prescott	42.4%	8.9%
Rainy River	27.7%	-15.8%
417	3.5%	-4.2%
<b>TOTAL</b>	<b>-9.4%</b>	<b>-11.1%</b>

Source: Ontario Ministry of Tourism

**Attendance at Agencies**

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

Agency	Sept. 2007 over 2006	YTD: Jan. - Sept. 2007 over 2006
Royal Ontario Museum	-23.8%	+20.1%
Ontario Science Centre	-16.4%	-21.9%
Science North	-6.1%	-2.9%
Art Gallery of Ontario <sup>2</sup>	+3.6%	-30.1%
McMichael Art Gallery	+78.5%	+17.5%
Ontario Heritage Trust <sup>3</sup>	-2.7%	+14.0%
Ontario Place	-13.5%	-15.7% <sup>4</sup>
Fort William Historical Park	-32.8%	-18.0%
Huron Historical Park	+7.6%	-1.8%

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

<sup>3</sup> Includes Fulford Place, Elgin and Winter Garden and Uncle Tom's Cabin.

<sup>4</sup> Attendance at Ontario Place reported for period May - Sept.

## APPENDIX: BACKGROUND

### **2005 Statistics** (U.S. and Overseas)

- 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.

### **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 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>5</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>6</sup> (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment<sup>7</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>8</sup> (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism<sup>9</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>10</sup>.

<sup>5</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>6</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>7</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>8</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>9</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>10</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.

- 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>11</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/research/trends/index.html>

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<sup>11</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).