

DECEMBER 2007

Highlights

Tourism performance, December 2007 over 2006:

- Trips from the U.S. to Ontario posted a decline of 21.6%, with same-day travel down by 29.2% and overnight trips down by 8.7%.
- Visits from overseas markets to Ontario increased by 3.4%.
- Travel by Ontarians to the U.S. increased by 4.5% (same-day down by 1.0% and overnight up by 17.5%), while Ontarians travelling to overseas countries increased by 6.8%.
- Occupancy rates in Ontario hotels were up by 0.7 percentage points, while the average daily rate (ADR) was up by 1.6%.
- Ontario's Travel Price Index was up by 3.0%.
- Employment in Ontario's tourism-related industries was down by 3.9%.

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Tourism Industry Statistics

Border Crossings

Total International Entries

During December 2007, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 19.2% over the same month in 2006, to just over one million crossings.

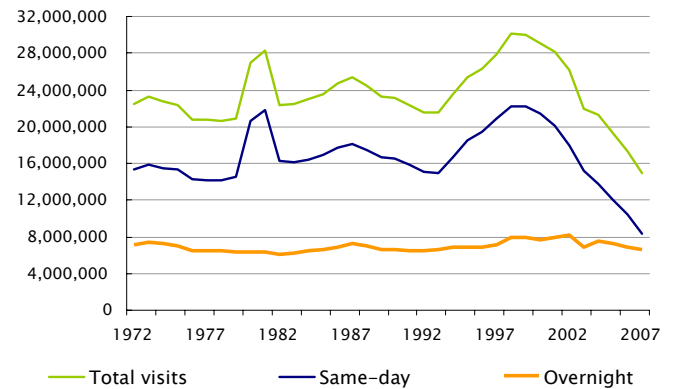
Total international border crossings to Ontario in 2007 were 12.7% below the level achieved in 2006.

U.S. Entries

In December 2007, U.S. border crossings to Ontario fell by 21.6% over 2006 to under 900,000 crossings.

For the year 2007, there were about 15 million border crossings from the U.S. to Ontario, a decrease of 14.0% over 2006 – and 50% fewer entries than in 1998, the peak year for U.S. border crossings.

U.S. Border Crossings to Ontario, Jan – Dec



Source: Statistics Canada

During the month of December 2007, same-day U.S. entries to Ontario were down by 21.6% over 2006, while overnight entries were down by 8.7%.

This decline in overnight travel was the result of both a 9.1% decrease in auto travel and a 7.9% decrease in non-auto travel over December 2006.

For the year 2007, 89% of the decline in U.S. border crossings can be attributed to the decline in same-day travel.

For the year 2007, there were 8.3 million same-day U.S. entries to Ontario, a decrease of 20.6% (or 2.2 million entries) over 2006. Overnight entries, which totalled 6.6 million, were down 4.0% (or approx. 280,000 entries) over 2006.

In December 2007, commercial air travel¹ from the U.S. to Ontario was down 9.0% over 2006. For the year 2007, air travel was down 9.2% over 2006.

Compared to other provinces, Ontario has experienced a more significant decline in U.S. border crossings, both in the recent reporting month and in 2007 over 2006.

Province	U.S. Entries Dec 2007 over 2006		U.S. Entries, YTD: Jan - Dec 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	895,343	-21.6%	14,937,874	-14.0%
B.C.	289,436	-13.8%	5,061,984	-5.9%
Quebec	168,951	-14.4%	2,455,763	-9.0%
Canada	1,525,134	-18.9%	25,694,557	-11.0%

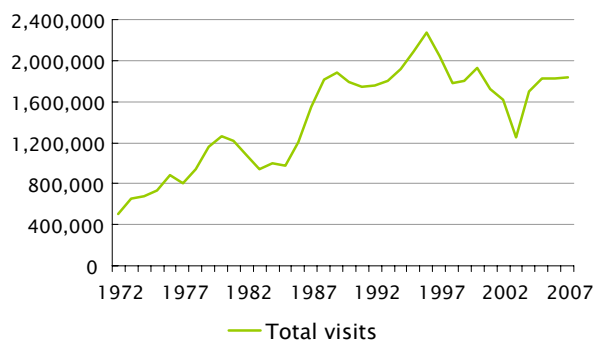
Source: Statistics Canada

Overseas Entries

In December 2007, overseas border crossings to Ontario increased by 3.4% over December 2006.

In 2007, the volume of overseas border crossings remained stable at about 1.8 million crossings, a nominal increase of 0.1% relative to 2006. Overseas crossings, however, were down 19.4% from 1996, the peak year for overseas border crossings.

Overseas Border Crossings to Ontario, Jan - Dec



Source: Statistics Canada

In December, direct entries from overseas countries were down 0.4% from December 2006, while entries to Ontario via the U.S. were up by 14.7%.

However, for the year 2007, direct entries to Ontario were up by 1.4% over 2006, while entries via the U.S. were down 3.0%.

During December 2007, all of the provinces experienced growth in overseas crossings.

For the year 2007, however, other regions of Canada have seen strong growth in overseas crossings while Ontario has only remained stable.

Province	Overseas Entries, Dec 2007 over 2006		Overseas Entries, YTD: Jan - Dec 2007 over 2006	
	Entries*	% change	Entries*	% change
Ontario	124,319	+3.4%	1,832,625	+0.1%
B.C.	100,881	+5.3%	1,514,842	+3.3%
Quebec	58,602	+7.1%	819,644	+6.2%
Canada	315,336	+4.7%	4,678,912	+3.6%

Source: Statistics Canada

Overseas Entries: Traditional Markets

In December 2007, Ontario saw decreases in visits from each of its four primary overseas markets – the U.K., Germany, Japan, and France over 2006.

In 2007, Ontario saw an increase in overseas entries from the U.K. over 2006, while it has seen dramatic decreases in entries from Japan and France.

Market	Dec 2007 over 2006		YTD: Jan - Dec 2007 over 2006	
	Entries*	% change	Entries*	% change
U.K.	24,470	-5.4%	393,362	+1.6%
Germany	6,779	-6.6%	120,699	-0.8%
Japan	4,982	-18.2%	112,667	-18.8%
France	4,247	-4.8%	72,490	-14.6%

Source: Statistics Canada

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

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

Overseas Entries: Emerging Markets

A broader set of emerging markets is changing the composition of Ontario's international visitors. During December 2007, significant growth was seen in the number of entries from Mexico, South Korea, China, India, Italy and Australia compared to 2006.

For the year 2007, six of the markets listed below have seen growth over 2006.

Market*	Dec 2007 over 2006		YTD: Jan - Dec 2007 over 2006	
	Entries*	% change	Entries*	% change
Mexico	8,203	+17.5%	105,536	+17.9%
South Korea	4,722	+19.5%	74,420	+10.0%
China	3,890	+34.0%	58,092	+18.7%
India	3,030	+9.7%	55,346	+4.7%
Italy	4,281	+26.7%	54,635	+2.9%
Israel	2,902	-24.6%	51,779	-18.2%
Brazil	4,646	-15.7%	51,749	-2.9%
Australia	3,940	+10.1%	45,909	+6.5%
Netherlands	2,638	+7.8%	44,176	-9.8%
Hong Kong	2,470	-0.1%	34,332	-4.1%

* Origin markets listed in order, based on YTD entries.

Source: Statistics Canada

Outbound Travel

Ontarians are travelling outside of Canada in record numbers.

During December 2007, travel by Ontarians to international destinations (including the U.S. and overseas) increased by 4.8% over 2006, to more than 2 million crossings.

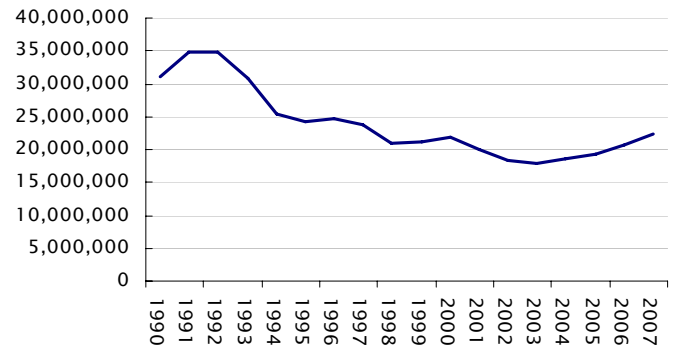
Outbound travel by Ontarians in 2007 grew by 6.8% - almost 1.7 million more crossings than in 2006.

Travel to the U.S.

Travel to the U.S. by Ontarians increased by 4.5% in December 2007 over 2006. Overnight visits were up by 17.5% over December 2006, while same-day visits were down by 1.0%.

In 2007, outbound travel by Ontarians to the U.S. increased by 7.0% over 2006, with overnight travel up by 10.3% or about 780,000 more visits and same-day travel up by 5.2% or about 690,000 more visits to the U.S. than in the previous year.

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

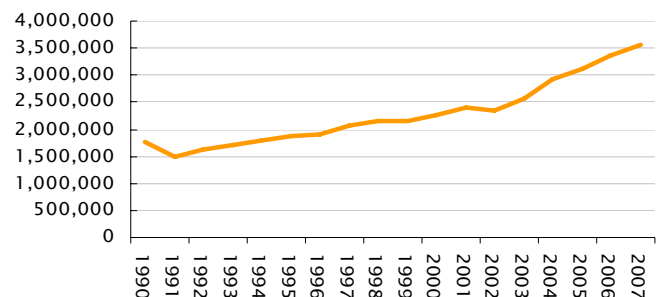


Source: Statistics Canada

Travel to Overseas Countries

Travel by Ontarians to overseas countries also increased considerably in December, up 6.8% (or, more than 17,000 crossings) over December 2006.

Outbound Border Crossings to Overseas, Jan - Dec



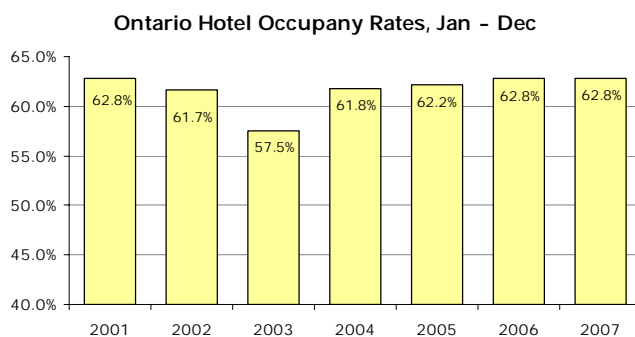
Source: Statistics Canada

Over the year 2007, Ontarians have taken almost 190,000 more trips to overseas countries than in 2006, representing an increase of 5.6%.

Accommodation

The occupancy rate at Ontario hotels in December 2007 was 45.8%, up 0.7 of a percentage point over 2006. Across the province, occupancy was highest at Toronto airport hotels (54.6%), in Ottawa West and East (54.4% and 55.2%), in Thunder Bay (54.0%) and in Sudbury (52.5%). Each of the regions listed above experienced growth over December 2006.

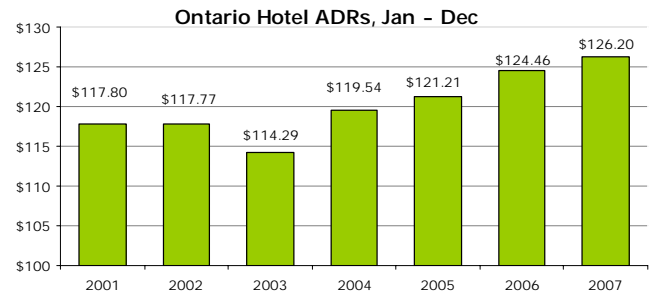
In 2007 overall, the occupancy rates at Ontario hotels averaged 62.8%, unchanged from 2006 – and at the same level as 2001.



Source: PKF Consulting, Hotel Trends

The average daily rate (ADR) in Ontario increased by 1.6% in December 2007 to \$117.14, with downtown Toronto (\$147.05), downtown Ottawa (\$135.23) and Niagara Falls (\$128.06) achieving the highest ADRs for the month. There was significant variability across the regions in terms of ADR over the month, with strong growth in Hamilton/Brantford (+6.0%), in Sault Ste Marie (+5.8%) and in North Eastern Ontario (+5.5%). Ottawa West, however, saw a significant decline in rates (-8.6%) along with Niagara Falls (-4.5%) and other Niagara Region hotels (-6.2%).

The ADR in Ontario in 2007 increased 1.4% to \$126.20. All regions, except Windsor (-4.5%), Central Ontario (-1.6%) and GTA West (0.1%) have seen increases in ADR over the year. The biggest gains can be seen in Hamilton/Brantford (6.7%), Ottawa East (4.8%) and Sault Ste. Marie (4.3%).



Source: PKF Consulting, Hotel Trends

Boosted by higher occupancy rates and ADRs, revenue per available room (revPAR) in December 2007 saw a moderate increase overall across the province (+3.1%) over 2006. Over 2007, revPAR has increased a more modest 1.4% over 2006.

There is, however, significant variability across the regions in terms of revPAR, with Ottawa West and East (+11.3% and +8.1%), Hamilton/ Brantford (+6.8%) and Sudbury (+5.7%) showing considerable growth in revPAR over the year, while Windsor (-8.6%) and Central Ontario (-4.4%) experience significant declines in their revPAR over the period.

Canadian Air Carriers Data

Overall passenger traffic for Air Canada, measured in revenue-passenger miles (RPMs), increased by 2.4% in December 2007 over 2006. In 2007, overall passenger traffic has increased by 3.3% over 2006.

Passenger traffic growth for WestJet continued in December 2007 with a 17.1% gain over 2006, and a 19.9% increase in overall traffic in 2007 over 2006.

Source: InterVISTAS, aircanada.ca and westjet.ca

Travel Price Index

Ontario's Travel Price Index (TPI) increased by 1% in December 2007 over November 2007. A significant increase in the cost of inter-city transportation (+5.4%) was largely offset by decreases in the cost of travellers' accommodation (-3.0%) and retail purchases - clothing and footwear (-2.5%) and reading materials (-4.0%).

Looking back over the last year, Ontario's TPI was up by 3.0% over December 2006. Increases in the cost of auto operation, local transportation, travellers' accommodation and food and beverage were partially offset by declines in the cost of auto rentals, recreational equipment and services and home recreation equipment.

Ontario's Consumer Price Index (CPI) decreased by just 0.1% in December 2007 over the previous month, while there was an increase of 2.1% over December 2006.

Source: Statistics Canada, Ontario Ministry of Tourism

The December U.S. Travel Price Index decreased 1.0% from November and was up 8.1% over 2006.

Source: Travel Industry Association of America

Economic Indicators

Consumer Confidence

The national consumer confidence index in December fell 4.0 points over the previous month, closing at 96.2 (2002=100). Consumer optimism was down across all areas, with the most pronounced deterioration seen in consumers' willingness to make major purchases.

Consumer confidence was down across the country, with the most significant decline occurring in British Columbia where the index plunged 11.2 points. In contrast, the Atlantic Provinces dropped only 1.0 point. In Central Canada, Quebec fell by 3.9 points and Ontario by 3.4 points. In the Prairies, the index was down by 2.2 points.

Source: The Conference Board of Canada

The U.S. Consumer Confidence Index, which has been declining since the summer, declined further in December, closing at 88.6 points (1985=100).

Source: BMO Economics

Labour Force

Employment in Canada declined slightly in December, with an estimated 19,000 fewer jobs – after seven consecutive months of employment gains. The national unemployment rate, however, remained unchanged at 5.9%. Over the last twelve months, employment was up by 2.2% with the economy adding 370,000 jobs.

Employment in Ontario was also down in December, as losses in manufacturing; accommodation and food services; and finance, insurance, real estate and leasing were not fully offset by gains in trade and public administration. As a result, the province's unemployment rate was up 0.3 percentage points to 6.5%. Over the past 12 months, employment was up 1.4% (88,700 jobs), lagging behind the national job growth rate due mainly to losses in the goods-producing sector.

In December, employment in Ontario's tourism-related industries decreased by 7.5% over the previous month. Employment was also down by 3.9% over December 2006 across the sector, with decreases in many areas including gambling industries, restaurants, performing arts and travel arrangements.

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

Bankruptcies

In December 2007, there were 2,426 bankruptcies in Ontario. Of these, 195 were businesses while the rest were consumers. Bankruptcies were down 1% over December 2006.

Of the business bankruptcies reported in December 2007 in Ontario, 29 were in accommodation and food services and 4 were in the arts, entertainment and recreation sector. In December of 2006, there were 20 and 9 bankruptcies recorded in these sectors, respectively.

Source: Office of the Superintendent of Bankruptcy Canada

Consumer Response Indicators

1-800-ONTARIO

There were approximately 3,400 calls to the 1-800-ONTARIO call centre in December 2007, down 6% over December 2006 call volume.

In 2007, the call centre has received about 183,000 calls, 4% fewer calls than in 2006.

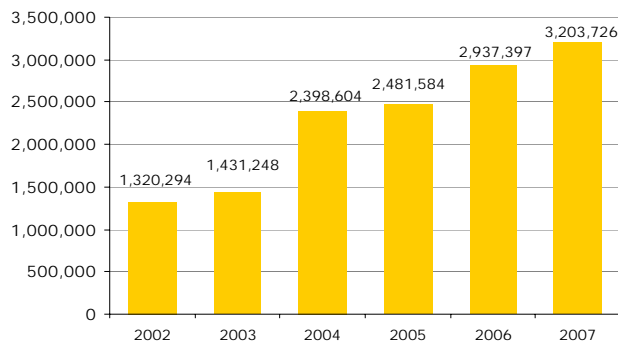
Source: Electronic Data Systems

OntarioTravel.net

In December 2007, there were approximately 155,000 user sessions on Ontario's travel website **ontariotravel.net**, about 15% fewer user sessions than in December 2006. User sessions were down 22% on the main website, while traffic was up by 29% on the seasonal site.

There have been more than 3.2 million user sessions on the travel website over 2007, an increase of 9% over 2006. Traffic is up by 9% on the main site (which represents 84% of user sessions) and up by 12% on the seasonal site.

Visits to OntarioTravel.net
Jan - Dec



Source: Ontario Tourism Marketing Partnership Corp.

Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) totalled about 29,000 in December 2007, a decrease of almost 40% over December 2006.

Over 2007, there have been approximately 1.25 million visits to Ontario's TICs, an 11.4% decrease over 2006.

Change in Visits to Ontario's TICs

Location	Dec 2007 over 2006	YTD: Jan - Dec 2007 over 2006
Barrie	-3.2%	-2.4%
Cornwall	-46.7%	-14.0%
Fort Erie	-54.1%	-5.4%
Fort Frances	-61.5%	-28.0%
Niagara Falls	-43.3%	-9.9%
Sarnia	-19.2%	-11.6%
Sault Ste Marie	-51.1%	-19.8%
St. Catharines	-44.9%	-14.5%
Toronto	-47.0%	-15.7%
Windsor Park	-29.0%	-10.4%
Windsor HC	-37.2%	-16.4%
Hill Island	Closed for the season	-6.4%
Kenora	Closed for the season	-2.1%
Lancaster	Closed for the season	9.9%
Pigeon River	Closed for the season	-13.1%
Prescott	Closed for the season	7.7%
Rainy River	Closed for the season	-15.8%
417	Closed for the season	-6.2%
TOTAL	-39.7%	-11.4%

Source: Ontario Ministry of Tourism

Attendance at Agencies

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

Agency	Dec 2007 over 2006	YTD: Jan - Dec 2007 over 2006
Royal Ontario Museum	+71%	+26%
Ontario Science Centre	-5%	-19%
Science North	-13%	-3%
Art Gallery of Ontario ²	-	-37%
McMichael Art Gallery	-41%	+23%
Ontario Heritage Trust	+112% ³	+13%
Ontario Place ⁴	-	-16%
Upper Canada Village	+6%	+8%
Fort William Historical Park	-40%	-21%
Huronian Historical Park	-41%	0%

Source: Individual agencies are self-reporting.

² The Art Gallery of Ontario closed for renovations on Oct. 8 2007, and will reopen in fall 2008.

³ Small attendance volumes create significant variability in growth.

⁴ Ontario Place, Fort Henry and Upper Canada closed for the season during December.

APPENDIX: BACKGROUND

Note: In 2005, the Canadian Travel Survey (CTS) was replaced by the Travel Survey of Residents of Canada (TSRC). 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 and 2006. It is anticipated that domestic travel data for 2005 and 2006 will be available by May 2008. Statistics Canada is also developing a bridging mechanism to restate data prior to 2005, to enable historical comparisons. In the interim, travel data for the U.S. and overseas travel markets for 2006 will be provided.

2006 Statistics (U.S. and Overseas only)

- There were 17.5 million U.S. visits to Ontario in 2006, a decrease of 9.5% over 2005. Spending by U.S. visitors amounted to \$3.8 billion, a decrease of 3.4% over 2004.
 - Visits from the Border States, which made up 81% of all U.S. visits in 2006, decreased by 11.1% while visits from other states decreased by 2.2% over 2005.
 - Same-day visits, which made up 61% of all U.S. visits in 2006, decreased by 12.5% while overnight visits were down by 4.3% over 2005.
- There were 2.2 million overseas visits to Ontario in 2006, an increase of 1.2% over 2005. Spending by overseas visitors amounted to \$2.6 billion, an increase of 6.3% over 2005.
 - Visits from Ontario's traditional markets (the U.K., Japan, Germany and France), which in 2006 made up 39% of all overseas visits, decreased by 25.6% while visits from other travel markets increased by 6.1% over 2005.

2004 Statistics

Overall Results

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

Number of Visitors

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

Visitor Spending

- Spending by overseas visitors in Ontario amounted to \$2.3 billion in 2004, a 30% increase over 2003. Spending by U.S. visitors in Ontario amounted to \$4.4 billion, an 11% increase over the previous year.
- Visitor spending by domestic visitors to Ontario reached \$10.4 billion in 2004, a 3% increase over 2003 while tourism receipts by domestic visitors in Ontario increased by 5% over the previous year to \$14.7 billion. (The difference between visitor spending and tourism receipts is Ontarians' spending on Canadian transportation carriers for travel to destinations outside of Ontario but within Canada. Visitor spending describes the economic importance of inbound travel to the economy while tourism receipts describe the importance of the whole tourism industry to the economy.)

- Ontario's tourism industry is extremely diverse. Its businesses are predominantly small to medium-sized. In 2004, there were 161,850 businesses in tourism-related sectors in Ontario, a 3% increase over 2003. These businesses represented 19% of the total number of businesses in the province.

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

Economic Impact of Tourism in 2004

- In 2004, tourism was Ontario's 7th largest generator of foreign exchange, following Transportation Equipment, Machinery, Chemical Products, Computer & Electronic Products, Primary Metals, and Plastics and Rubber Products Manufacturing. Tourism generated \$6.7 billion in foreign exchange for the province.
- In 2004, tourism Gross Domestic Product (GDP)⁵ 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 GDP⁶ (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment⁷ 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
- Total contribution of tourism to the employment in the province⁸ (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism⁹ 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 revenues¹⁰.

⁵ 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.

⁶ 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).

⁷ 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.

⁸ 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). 9

- For every dollar of tourism receipts in Ontario in 2004, 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 revenues¹¹ (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>

⁹ 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

¹⁰ 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.

¹¹ 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).