

## MAY 2008

### Highlights

#### May 2008 over 2007:

- Trips from the U.S. to Ontario posted a decline of 10.7%, with same-day travel down by 18.1% and overnight trips down by 1.2%.
- Visits from overseas markets to Ontario increased by 10.4%.
- Travel by Ontarians to the U.S. increased by 10.5% (same-day travel and overnight trips up by 8.7% and 13.7%, respectively), while travel to overseas countries increased by 11.1%.
- Occupancy rates in Ontario hotels were up by 1.0 percentage point, while the average daily rate (ADR) was up by 2.3%.
- Ontario's Travel Price Index was up by 8.3%.
- Employment in Ontario's tourism-related industries was down by 11.3%.

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### Tourism Industry Statistics

#### Border Crossings

##### Total International Entries

During May 2008, total international border crossings (including U.S. and overseas visitors) to Ontario declined by 8.4% over May 2007, to about 1.3 million crossings (in 2007, May accounted for 8.8% of Ontario's annual international border crossings).

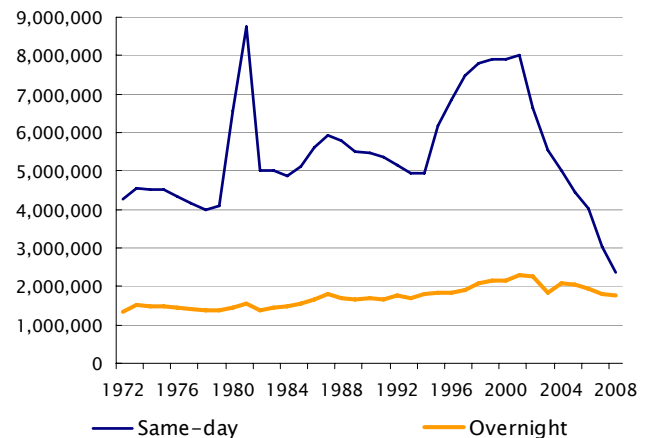
Total international border crossings in the first five months of 2008 were 12.3% below 2007 levels.

##### U.S. Entries

During the month of May 2008, U.S. border crossings to Ontario fell by 10.7% over 2007 to about 1.2 million crossings. **95% of the decline was attributable to losses in same-day entries**, which were down by 18.1% over 2007. **Overnight entries**, meanwhile, were down by 1.2%.

In May, the decrease in overnight travel was the result of a decrease of 7.9% in non-auto travel, which was partially offset by a 2.1% increase in auto travel.

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



Source: Statistics Canada

During the first five months of 2008, there were 4.1 million border crossings from the U.S. to Ontario, a decrease of 14.2% over 2007 – and 58% fewer entries than in 1998, the peak year for U.S. border crossings.

For the first five months of 2008, there were 2.4 million same-day U.S. entries to Ontario, a decrease of 21.7% (or 660,000 fewer entries) over the same period in 2007. Overnight entries, which totalled 1.8 million, were down 1.6% (or 28,000 entries) from 2007.

**Though all provinces are experiencing large declines in U.S. border crossings over the first five months of the year, Ontario's losses are the most significant.**

| Province       | U.S. Entries, May 2008 over 2007 |               | U.S. Entries, YTD: Jan-May 2008 over 2007 |               |
|----------------|----------------------------------|---------------|-------------------------------------------|---------------|
|                | Entries*                         | % change      | Entries*                                  | % change      |
| <b>Ontario</b> | <b>1,163,112</b>                 | <b>-10.7%</b> | <b>4,142,119</b>                          | <b>-14.2%</b> |
| B.C.           | 425,176                          | -8.3%         | 1,429,746                                 | -10.7%        |
| Quebec         | 188,763                          | -11.4%        | 741,828                                   | -9.4%         |
| Canada         | 2,005,469                        | -10.3%        | 7,074,294                                 | -13.0%        |

Source: Statistics Canada

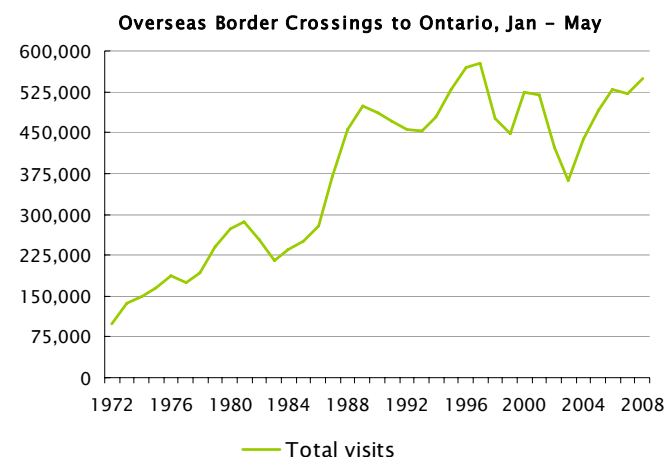
### U.S. Entries: Air Travel

In May, commercial air travel<sup>1</sup> from the U.S. to Ontario was down by 6.4% over May 2007. For the first five months of 2008, air travel was down 3.5% over 2007.

### Overseas Entries

In May 2008, overseas border crossings to Ontario increased by 10.4% over May 2007.

In the first five months of 2008, overseas border crossings have increased by 5.3% over the same period in 2007.



Source: Statistics Canada

**With a strong performance in the period of March to May 2008, the growth of Ontario's overseas crossings is above that of other provinces over the first five months of 2008, followed by Quebec.**

| Province       | Overseas Entries, May 2008 over 2007 |               | Overseas Entries, YTD: Jan-May 2008 over 2007 |              |
|----------------|--------------------------------------|---------------|-----------------------------------------------|--------------|
|                | Entries*                             | % change      | Entries*                                      | % change     |
| <b>Ontario</b> | <b>177,373</b>                       | <b>+10.4%</b> | <b>550,138</b>                                | <b>+5.3%</b> |
| B.C.           | 159,336                              | +4.9%         | 484,534                                       | +1.4%        |
| Quebec         | 70,154                               | +12.6%        | 243,151                                       | +4.3%        |
| Canada         | 456,001                              | +9.0%         | 1,439,206                                     | +4.4%        |

Source: Statistics Canada

### Overseas Entries: Traditional Markets

In May 2008, Ontario saw an increase in arrivals from Germany and France, while arrivals from the U.K. and Japan decreased.

Over the first five months of 2008, arrivals from France and Germany are also up, by 6.4% and 9.3%, respectively, while arrivals from the U.K. and Japan are down significantly over the same period of last year.

| Market  | May 2008 over 2007 |          | YTD: Jan-May 2008 over 2007 |          |
|---------|--------------------|----------|-----------------------------|----------|
|         | Entries*           | % change | Entries*                    | % change |
| U.K.    | 36,179             | -3.9%    | 104,085                     | -4.7%    |
| Germany | 14,881             | +24.0%   | 38,039                      | +9.3%    |
| Japan   | 8,663              | -10.0%   | 28,913                      | -23.5%   |
| France  | 6,503              | +16.9%   | 19,618                      | +6.4%    |

Source: Statistics Canada

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

<sup>1</sup> Commercial air travel represents 97% 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 origin markets is changing the composition of Ontario's international visitors.

In May 2008, arrivals from Mexico, South Korea, India and Italy saw the most significant increase over 2007.

In the first five months of 2008, arrivals from Mexico, China, the Netherlands and Australia have seen the most significant increase over the previous year.

| Market*     | May 2008<br>over 2007 |          | YTD: Jan-May<br>2008 over 2007 |          |
|-------------|-----------------------|----------|--------------------------------|----------|
|             | Entries*              | % change | Entries*                       | % change |
| Mexico      | 9,663                 | +37.6%   | 38,225                         | +25.3%   |
| South Korea | 8,072                 | +16.5%   | 23,421                         | +8.5%    |
| India       | 8,538                 | +15.1%   | 21,245                         | +7.9%    |
| Hong Kong   | 3,305                 | +3.2%    | 19,728                         | +1.5%    |
| Brazil      | 4,730                 | +5.5%    | 18,320                         | +1.3%    |
| China       | 5,153                 | -2.0%    | 18,310                         | +24.8%   |
| Australia   | 4,607                 | +6.1%    | 15,217                         | +10.4%   |
| Italy       | 4,513                 | +14.3%   | 14,474                         | +6.2%    |
| Netherlands | 4,920                 | +4.4%    | 13,192                         | +14.2%   |

Source: Statistics Canada

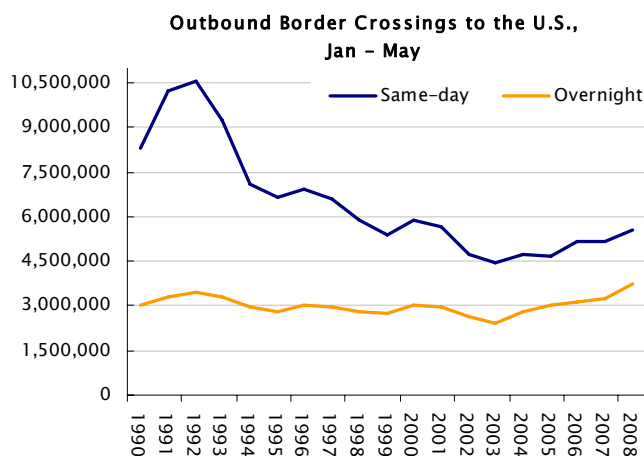
\* Origin markets listed in order, based on YTD entries.

## Outbound Travel

Ontarians are travelling outside of Canada in record numbers.

### Travel to the U.S.

Ontarians made more than 2.0 million crossings to the U.S. in May 2008, an increase of 10.5% over 2007. Overnight visits, which represented 38% of crossings, were up by 13.7% over May 2007, while same-day visits were up by 8.7%.



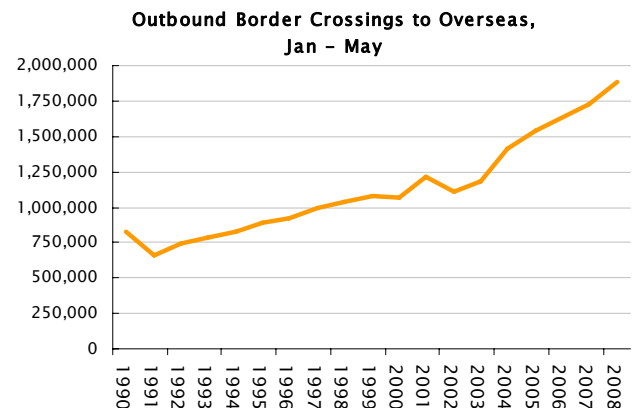
Source: Statistics Canada

Over the first five months of 2008, visits by Ontarians to the U.S. are up 10.1% over 2007, with overnight visits up 14.8% (or 485,000 entries) and same-day visits up by 7.2% (or 370,000 entries).

## Travel to Overseas Countries

Ontarians made more than 300,000 trips to overseas countries in May 2008, up 11.1% over 2007.

Over the first five months of 2008, overseas travel by Ontarians was up 9.2%, or almost 160,000 trips, from the same period of 2007.



Source: Statistics Canada

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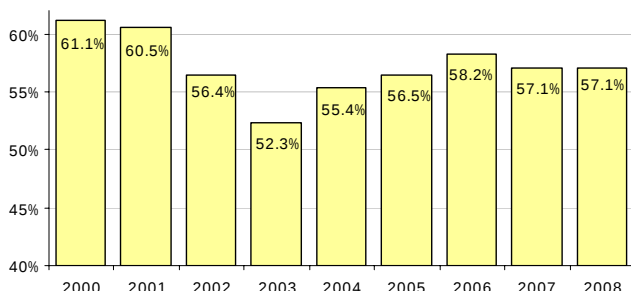
## Accommodation

### Occupancy Rates

The occupancy rate at Ontario hotels in May 2008 was 66.0%, up 1.0 percentage point over 2007. Across the province, occupancy was highest in downtown Ottawa (82.3%), downtown Toronto (81.3%) and in Sudbury (75.6%). The modest increase in occupancy rates reflects mixed results across the province. A few regions experienced strong to moderate growth over May 2007, including Ottawa East (+7.0 points), downtown Toronto (+5.7 points) and other areas in Southern Ontario (+3.7 points), while other regions experienced notable declines, including Windsor (-6.6 points), Hamilton/ Brantford (-4.4 points), the Kitchener-Waterloo area (-4.1 points) and Thunder Bay (-7.5 points).

Over the first five months of 2008, occupancy rates at Ontario hotels averaged 57.1%, up just 0.1 of a percentage point over the same period of last year.

Ontario Hotel Occupancy Rates, Jan- May



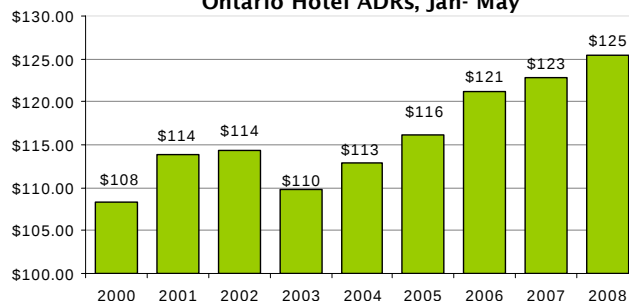
Source: PKF Consulting, Hotel Trends

### Average Daily Rates

The average daily rate (ADR) in Ontario increased by 2.3% in May 2008 to \$131.19, with downtown Toronto (\$188.89) and downtown Ottawa (\$151.56) achieving the highest ADRs for the month. Results were mostly positive across the province, with Kingston (+5.5%), Ottawa West (+5.4%), Hamilton/Brantford (+4.1%) and the North Eastern region (+7.0%) seeing the most significant gains. A few areas, including Ottawa East (-3.1%) and Windsor (-0.9%) saw decreases in rates over May 2007.

Over the first five months of 2008, the ADR in Ontario increased 2.1% to \$125.48 for the period. Results were positive across almost the entire province, with a number of regions enjoying healthy growth in rates.

Ontario Hotel ADRs, Jan- May



Source: PKF Consulting, Hotel Trends

### Revenue per Available Room

Revenue per available room (revPAR) in May 2008 was up 3.8% over 2007 with most regions seeing an increase. Over the first five months of 2008, revPAR is up 2.2% over the same period last year.

### Canadian Air Carriers Data

Overall passenger traffic for Air Canada, measured in revenue-passenger miles (RPMs), increased by 4.5% in May 2008 over 2007. For the first five months of 2008, passenger traffic increased by 3.7% over the same period of 2007.

In May 2008, overall passenger traffic for WestJet increased by 19.3% over 2007 and by 19.4% in the first five months of 2008 over 2007.

Source: aircanada.ca and westjet.ca

### Travel Price Index

Ontario's Travel Price Index (TPI) increased by 6.0% in May 2008 over the previous month. The increase was due in large part to increases in the cost of inter-city transportation (+4.9%), auto operation (+5.7%) and travellers' accommodation (+14.8%).

Looking back over the last year, Ontario's TPI was up by 8.3% over May 2007. Increases in the cost of local and inter-city transportation, auto operation, travellers' accommodation and food and beverage were partially offset by declines in the cost of auto rentals, retail purchases (clothing and footwear, reading materials), recreational equipment and services and home recreation equipment.

Ontario's TPI is increasing at a faster rate than the province's Consumer Price Index (CPI), which was up by 1.0 % in May 2008 over the previous month, and by 1.8% over May 2007.

*Source: Statistics Canada, Ontario Ministry of Tourism*

The U.S. Travel Price Index in May 2008 was up 2.0% over the previous month, and was up 6.7% over May 2007.

*Source: Travel Industry Association of America*

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## Economic Indicators

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### Consumer Confidence

In May, the national consumer confidence index fell sharply, losing 7.0 points to close at 85.8 (2002=100). Although consumers were less optimistic in all areas, the largest declines in consumer sentiment were centered on future income conditions and making major purchases.

Consumer confidence fell in all regions of the country, with central and eastern Canada seeing the bulk of the decline. Ontario experienced the largest decline of 9.6 points. The index dropped 6.6 points in Quebec, and 9.1 points in the Atlantic Provinces. In the west, British Columbia experienced a decline of 3.5 points and the Prairies were down 3.2 points.

*Source: The Conference Board of Canada*

The U.S. Consumer Confidence Index which has been declining since last summer fell another 4.2 points in May. The Index now stands at 58.1 points (1985=100).

*Source: The Conference Board*

### Employment

Employment in Canada was unchanged in May after two months of small increases. The national unemployment rate also stayed steady at 6.1%. Employment was up by 2.0% over the last twelve months, with the economy adding 339,000 new jobs.

Employment in Ontario was up slightly in May. The province saw an increase of 11,200 jobs as losses in educational services over the month were offset by gains in manufacturing, despite the fact that manufacturing has been on a downward trend (-200,000 jobs) since November 2002.

The unemployment rate, however, edged up by 0.1 percentage points to 6.4%. Ontario has seen growth in employment of 2.2% over the past 12 months, just above the national average.

In May 2008, employment in Ontario's tourism-related industries was up 10.4% over the previous month. Employment, however, was down by 11.3% over May 2007 across the sector, with decreases in many areas including traveller accommodation, other amusement and recreation industries, performing arts and travel arrangements.

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

### Bankruptcies

In May, there were 3,142 bankruptcies in Ontario. Of these, 213 were businesses while the rest were consumers. Business bankruptcies were up 5.4% over May 2007.

In the first five months of 2008, there were 15,060 bankruptcies in Ontario, including 1,149 by businesses. Business bankruptcies were up 0.7% over the same period of 2007.

*Source: Office of the Superintendent of Bankruptcy Canada*

## Consumer Response Indicators

### 1-800-ONTARIO

There were approximately 15,400 calls to the 1-800-ONTARIO call centre in May 2008, down 21% over 2007.

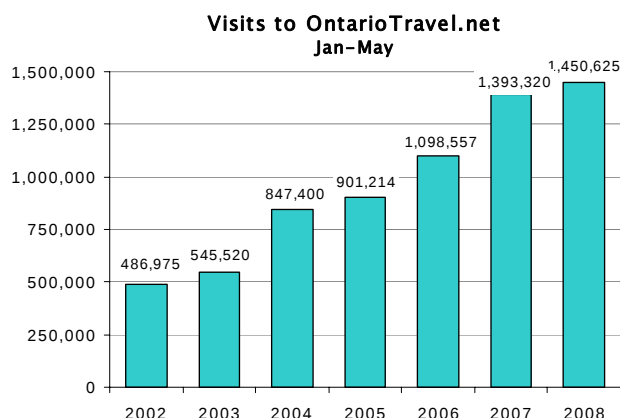
There have been about 51,000 calls over the first five months of 2008, a decrease of 27% over 2007.

Source: Electronic Data Systems

### OntarioTravel.net

In May 2008, there were approximately 295,000 user sessions on **ontariotravel.net**, Ontario's travel website, a decrease of 9% over May 2007.

In the first five months of 2008, there were approx. 1.5 million user sessions on the province's travel website, an increase of 4% over 2007.



Source: Ontario Tourism Marketing Partnership Corp.

Note: Starting on April 1, the OTMPC's seasonal micro site strategy transitioned to a segmentation strategy, which launched on April 21. This could account for the difference in visitation.

### Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) totalled about 85,000 in May 2008, a decrease of 22% over 2007.

Over the first five months of 2008, there were about 235,000 visits to Ontario TICs, 25% fewer than in the same period of 2007.

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

| Location        | May 2008<br>over 2007 | YTD: Jan-May<br>2008 over 2007 |
|-----------------|-----------------------|--------------------------------|
| Barrie          | -26.1%                | -15.3%                         |
| Cornwall        | -21.9%                | -23.5%                         |
| Fort Erie       | -50.4%                | -50.7%                         |
| Fort Frances    | -44.2%                | -57.0%                         |
| Niagara Falls   | -25.1%                | -29.6%                         |
| Sarnia          | -19.4%                | -15.9%                         |
| Sault Ste Marie | -37.5%                | -37.4%                         |
| St. Catharines  | -19.3%                | -27.3%                         |
| Toronto         | -1.1%                 | -3.3%                          |
| Windsor Park    | 4.2%                  | -15.0%                         |
| Windsor HC      | -20.9%                | -31.0%                         |
| Hill Island     | -29.3%                | -29.3%                         |
| Kenora          | 14.1%                 | 14.1%                          |
| Lancaster       | -33.1%                | -33.1%                         |
| Pigeon River    | -2.7%                 | -2.7%                          |
| Prescott        | -33.8%                | -33.8%                         |
| Rainy River     | -42.6%                | -42.6%                         |
| 417             | -14.7%                | -14.7%                         |
| <b>TOTAL</b>    | <b>-21.6%</b>         | <b>-25.1%</b>                  |

Source: Ontario Ministry of Tourism

**Attendance at Agencies**

The following table shows the percentage change in total visits at Ontario agencies:

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

| Agency                       | May 2008<br>over 2007 | YTD: Jan – May<br>2008 over 2007 |
|------------------------------|-----------------------|----------------------------------|
| Royal Ontario Museum         | +124%                 | +103%                            |
| Ontario Science Centre       | +6%                   | -10%                             |
| Science North                | +15%                  | -3%                              |
| Ontario Place                | +89%                  | +78%                             |
| McMichael Gallery            | -10%                  | -24%                             |
| Royal Botanical Gardens      | +14%                  | +1%                              |
| Fort William Historical Park | -29%                  | -50%                             |
| Huronian Historical Parks    | -3%                   | -4%                              |

*Source: Individual agencies are self-reporting.*

## 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 result. It is anticipated that domestic travel data for 2006 will be available by summer 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.

#### ***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**

Note: Recent updates and improvements to the Ministry of Tourism's Tourism Regional Economic Impact Model (TREIM) have changed the tourism economic impact figures reported. The economic impact figures reported in the following section (GDP, jobs and taxes) reflect the changes that have taken place.

- 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 \$19.4 billion in 2004.
- In 2004, tourism employment<sup>4</sup> in Ontario reached 205,670 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 205,670 tourism jobs by sector:
  - 49,850 jobs in Accommodations
  - 49,380 jobs in Food & Beverage services
  - 19,670 in Arts, Recreation and Entertainment
  - 36,780 in Transportation
  - 22,960 in Retail
  - 16,930 in Travel Services
  - 1,500 in Car Rental and
  - 8,600 in other service sectors
- Total contribution of tourism to the employment in the province<sup>5</sup> (direct, indirect and induced) reached 310,518 jobs in 2004.

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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.

<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).

- In 2004, tax revenues from tourism<sup>6</sup> for all three levels of government in Ontario reached \$6.4 billion – \$3.4 billion in federal tax revenues, \$2.9 billion in provincial and \$125 million in municipal tax revenues<sup>7</sup>.
- For every dollar of tourism receipts in Ontario in 2004, governments received 30 cents in tax revenues directly, of which federal government received 16 cents, provincial government 13 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 \$10.0 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>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).