

Highlights

- In September 2006, U.S. border crossings to Ontario continued their steady downward trend, falling 10.5% over September 2005.
- Ontario welcomed a few more overseas travellers (+0.4%) in September 2006 over 2005, with the year-to-date overseas entries still marginally ahead of 2005 (+1.1%).
- Minor gains in occupancy rates and moderate gains in average room rates were seen across most of the province for September 2006, the second month in a row of positive results for the sector. Results for the first nine months of the year are on par with September results.

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Tourism Industry Statistics

Border Crossings

Total International Entries

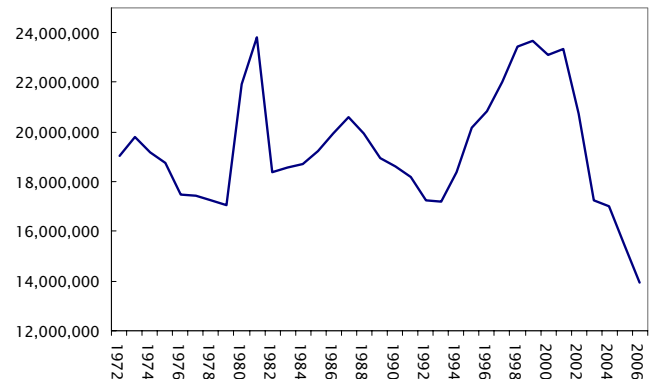
In September 2006, total international (U.S. and overseas residents) border crossings to Ontario declined by 9.3% over September 2005 to 1.7 million. Over the first nine months of the year, total international border crossings to Ontario have fallen by 8.6% over the same period last year.

U.S. Entries

U.S. border crossings to Ontario decreased by 10.5% in September 2006 over 2005, essentially unchanged from the 10.7% decrease reported for August 2006 over 2005.

For the period of January to September 2006, border crossings from the U.S. into Ontario decreased by 9.5% over the same period of 2005. During this time, Ontario received 40% fewer entries than in 2001.

U.S. Border Crossings to Ontario, January - September



In September 2006, same day U.S. entries to Ontario dropped by 14.0% over September 2005, while overnight entries were down by 5.6%. Since January, same day U.S. entries are down 11.8% and overnight entries are down by 6.0%.

Other provinces are also experiencing significant declines in U.S. entries. Quebec's decline is almost on par with Ontario, while British Columbia saw a slightly less dramatic decline in the first nine months of 2006 over the same period in 2005. U.S. entries into Canada overall are decreasing at a similar rate.

Province	U.S. Entries, Jan.- Sept. 2005	U.S. Entries, Jan.- Sept. 2006	% change
Ontario	15,438,687	13,966,548	-9.5%
Quebec	2,337,107	2,125,644	-9.0%
B.C.	4,767,044	4,479,251	-6.0%
Canada	25,555,612	23,343,090	-8.7%

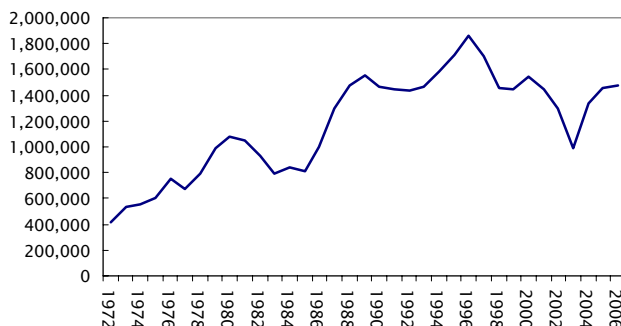
Source: Statistics Canada

Overseas Entries

In September 2006, overseas border crossings to Ontario increased by 0.4% over September 2005. In the first nine months of 2006, Ontario has seen an increase of 1.1% in overseas entries over the same period of 2005.

Overseas entries into Ontario during the January to September period were almost 21% lower than the same period in 1996.

Overseas Border Crossings to Ontario, January - September



Direct entries to Ontario from overseas countries increased by 3.5% in September 2006 over 2005, while entries to Ontario via the U.S. decreased by 6.7%.

In September 2006, Ontario saw decreases from all of its four primary overseas markets over September 2005: Germany (-11.0%), the U.K. (-4.9%), France (-3.0%) and Japan (-1.7%). Of these, France and Japan are still posting growth of 5.0% and 4.9%, respectively in the first nine months of 2006 over the same period in 2005.

Other markets are making up the gap created by the drop in traffic from Ontario's traditional markets, as shown in the table below:

Market	Sept. 2006 over 2005	Jan. - Sept. 2006 over 2005
China	+60.3%	+74.0%
South Korea	+12.1%	+14.4%
Ireland	+17.8%	+17.6%
Mexico	+10.7%	+8.5%
Brazil	+3.7%	+10.3%

While Ontario and Québec have experienced small increases in their overseas border crossings in the first nine months of 2006 over the same period of 2005, British Columbia's overseas entries have declined slightly over the same period. Overall overseas entries to Canada over the period are growing more slowly than entries to Ontario or Québec.

Province	Overseas Entries, Jan.- Sept. 2005	Overseas Entries, Jan.- Sept. 2006	% change
Ontario	1,458,059	1,473,672	1.1%
Quebec	606,154	617,100	1.8%
B.C.	1,219,854	1,214,102	-0.5%
Canada	3,670,424	3,680,023	0.3%

Source: Statistics Canada

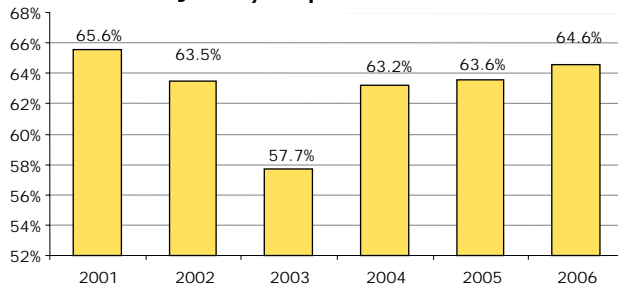
Accommodation

All hotel indices for September 2006 are showing positive results for the second month in a row. Minor improvements in the occupancy rate were supported by more noticeable increases in the average room rate. September results closely reflect the overall performance for the first nine months of the year.

The occupancy rate at Ontario hotels was 75.8% in September, an increase of 0.4 percentage points over the same period in 2005. Across the province in September, occupancy was highest in downtown Toronto (85.5%), Hamilton/Brantford (82.9%), North Bay (82.9%) and North Western Ontario (82.6%). However, of these locations, Hamilton/ Brantford (+13.9%) and North Bay (+15.1%) recorded the most significant increase over September 2005 while downtown Toronto's occupancy showed a decrease (-2.3%) over last September's occupancy rate.

For the first nine months of 2006, the occupancy rate at Ontario hotels was 64.6%, an increase of 1.0 percentage point over the same period in 2005, growing steadily but still below the level of the same period in 2001.

**Ontario Hotel Occupancy Rates,
January - September**



Source: PKF Consulting, Hotel Trends.

The average daily rate (ADR) in Ontario increased by 3.2% in September 2006 to \$133.89, from \$129.74 in September 2005 with downtown Toronto (\$192.14) and Niagara Falls (\$150.81) achieving the highest ADRs for the period. All regions saw their ADR increase moderately (with the exception of North Central Ontario which decreased by 3.6%).

The ADR in Ontario for the first nine months of the year increased 3.2% to \$125.79. The biggest gains in year-to-date ADR were seen by downtown Toronto (6.7%), Sudbury (5.5%), North Western Ontario (5.2%) and Windsor (5.2%).

Revenue per available room (revPAR) in September 2006 increased moderately, up 3.8% over last September, increasing revPAR over the first nine months of 2006 to 4.9% over 2005. This increase continues to be led by substantial increases in RevPar for Ottawa West and East (13.5% and 13.0%), North Eastern Ontario (Sudbury at 11.4% and North Bay at 11.0%) and North Western Ontario (9.2%).

Canadian Air Carriers Data

Air Canada's overall passenger traffic, measured in revenue-passenger miles (RPMs), continued its downward trend (-0.4%) in September 2006 over 2005. Domestic air travel was down due 4.3% on Air Canada, offset by a 45.5% increase in domestic traffic on Jazz. Passenger traffic has increased by 1.6% so far this year.

Passenger traffic on WestJet continued to increase with September 2006 seeing a 24.5% gain over September 2005. Year-to-date traffic is up 23% for the carrier.

Source: InterVISTAS, aircanada.ca and westjet.ca

Travel Price Index

Ontario's Travel Price Index (TPI) decreased by 0.8% in September 2006 over August 2006. The decrease is the result of declines of 8.5% in the cost of auto operation and of 2.6% in inter-city transportation offsetting increases of 4.8% in the cost of travellers' accommodation and of 2.8% in clothing and footwear. The significant decrease in gasoline prices (-18%) over the previous month helped bring down transportation costs.

Looking back over the last year, Ontario's TPI was 0.9% higher in September 2006 than in September 2005. The recent reduction in the cost of gasoline has moderated the 12-month increase in the TPI which was at 2.4% last month. Significant declines in the cost of auto operation are offsetting more moderate increases in inter-city and local transportation.

Ontario's Consumer Price Index (CPI) decreased marginally by 0.6% in September over August 2006, keeping it virtually unchanged (-0.2%) over September 2005.

Source: Statistics Canada, Ontario Ministry of Tourism

The U.S. Travel Price Index decreased by 3.8% in September over August 2006, moderating the 12-month increase to 2.5% over September 2005.

Source: Travel Industry Association of America.

Economic Indicators

Consumer Confidence

Consumer confidence in Canada posted a modest increase (0.5 points) in September after two consecutive months of losses, bringing the index to 119.8. Though Canadians were feeling more positive about their current and future financial situations, they were somewhat less confident about job prospects in the shorter term.

Ontario recorded a decrease of 3.5 points in September, the only region to see a decline. The drop essentially reversed the gains posted in August (+4.5 points) when Ontario was the only region to record an improvement. Atlantic Canada saw its confidence boosted by 9.7 points, while British Columbia posted a gain of 5.9, the Prairies edged up 1.2 and Quebec was virtually unchanged (+0.2).

Source: The Conference Board of Canada

The U.S. Consumer Confidence Index posted a gain of 4.3 points in September 2006, after a decrease of 7.4 points in August.

Both the expectations and present situation index were up – 3.8 and 4.6 points, respectively, reflecting a more favourable assessment of current conditions coupled with a less pessimistic short-term outlook.

Source: The Conference Board (U.S.)

Labour Force

Employment in Canada was up slightly in September, having been largely unchanged for the three previous months, with the national unemployment rate at 6.4%, still among the lowest in 30 years. In the first nine months of 2006, employment was up 1.3% or 210,000 jobs over the same period of 2005.

In Ontario, employment was little changed for September, but was up 0.8% in the first nine months of 2006, closely following the national rate.

In September 2006, employment in Ontario's tourism-related industries showed a decline of 10.3% over August 2006, not unexpected given the end of the summer holiday season. Declines in employment in spectator sports, heritage institutions, RV parks & recreation camps, full service restaurants and drinking places more than offset increases in employment in air transportation and gambling industries.

Compared to September 2005, employment in tourism-related industries in Ontario saw growth of 4.4% in September 2006.

Source: Statistics Canada, Labour Force Survey

Bankruptcies

In September 2006, there were 2,722 bankruptcies in Ontario. Of these, 194 were businesses while the rest were consumers. Bankruptcies were down by 3.6% over September 2005 when there were 2,824 bankruptcies.

Of the business bankruptcies reported in September in Ontario, 20 were in accommodation and food services, down from the 36 recorded in September 2005.

Source: Office of the Superintendent of Bankruptcy Canada

Consumer Response Indicators

1-800-ONTARIO

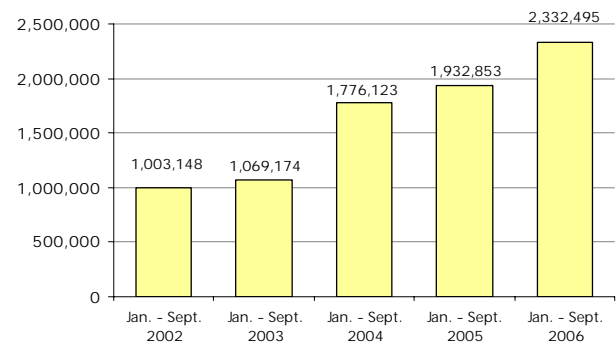
The call volume to the 1-800-ONTARIO Call Centre continued to decrease, falling by 32.6% over September 2005. For the first nine months of 2006, overall call volume decreased by 27.5% over the same period in 2005.

Source: Electronic Data Systems

OntarioTravel.net

In September 2006, visits to Ontario's travel website **ontariotravel.net** increased by 25.8% over September 2005. The main website experienced an increase of 25.5% to 244,699 visits, while the seasonal website saw a similar increase of 27.0% to 54,032.

Visits to OntarioTravel.net (Main & Seasonal sites)
January to September



Over the first nine months of 2006, there have been almost 2 million user sessions at the combined websites. This represents a 22.0% increase over the same period in 2005, with similar growth in traffic at the seasonal and main websites, 22.8% and 21.83%, respectively.

Source: Electronic Data Systems

Ontario Travel Information Centres

Visits to Ontario's Travel Information Centres (TICs) decreased again in September, by 9.7% over September 2005. For the first nine months of the year, visits to TICs have decreased by 9.1% over the same period in 2005 to a total of almost 1.4 million visits.

Change in Visits to Ontario's TICs

Location	Sept. 2006 over 2005	Jan. - Sept. 2006 over 2005
Barrie	-9.1%	-6.9%
Cornwall	-17.3%	-12.2%
Fort Erie	-10.3%	8.2%
Fort Frances	-9.1%	-10.0%
Niagara Falls	4.0%	8.9%
Sarnia	-17.4%	-14.3%
Sault Ste Marie	-5.2%	-8.8%
St. Catharines	-24.5%	-13.9%
Toronto	2.3%	-5.4%
Windsor Park	-12.8%	-7.6%
Windsor HC	-18.0%	-19.5%
Hill Island	-16.5%	-12.2%
Kenora	-6.9%	-4.2%
Lancaster	45.2%	1.6%
Pigeon River	-12.1%	-22.0%
Prescott	-38.8%	-21.0%
Rainy River	3.1%	-7.9%
417	-28.4%	-26.9%
TOTAL	-9.7%	-9.1%

Source: Ontario Ministry of Tourism

Only two TICs continue to see growth in the year to date comparisons – Niagara Falls (8.9%) and Fort Erie (8.2%), though a significant increase in traffic at the Lancaster TIC in September 2006 has increased its year-to-date visits over 2005.

Attendance at Agencies

Agencies

The following table shows the percentage change in total visits at Ontario agencies for September 2006.

Agency	Sept. 2006 over 2005	Year-to-date 2006 over 2005
Royal Ontario Museum	+20.5%	-14.8%
Ontario Science Centre	+6.0%	n/a
McMichael Art Gallery	+32.4%	+0.2%
Art Gallery of Ontario	+25.4%	-30.8%
Ontario Place	+1.2%	-3.5%
Royal Botanical Gardens	+3.4%	+0.4%
Ontario Heritage Trust*	+3.7%	-4.7%
Fort William Historical Park	+30.0%	1.9%
Fort Henry	+12.9%	+4.2%
Upper Canada Village	-6.3%	-2.9%
Huronian Historical Park	-15.1%	-2.2%

NOTES:

Attendance at other Ontario agencies will be reported as information becomes available.

*Ontario Heritage Trust includes: Fulford Place, Elgin & Winter Garden, Uncle Tom's Cabin.

APPENDIX: BACKGROUND

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)¹ 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.

¹ 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.



- 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 GDP² (direct, indirect and induced) amounted to \$20.4 billion in 2004.
- In 2004, tourism employment³ 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 province⁴ (direct, indirect and induced) reached 322,600 jobs in 2004.
- In 2004, tax revenues from tourism⁵ 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 revenues⁶.
- 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 revenues⁷ (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>

² 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).

³ 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.

⁴ 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).

⁵ 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

⁶ 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.

⁷ 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).