

quarterly market report

Australia

April - June 2007

Market Highlights

# of outbound visitors:	435,000 (April, 2007)
% change from previous quarter:	+0.95% (April, 2006 - 415,300)
# of visitors to Canada:	42,985 (Jan to April , 2007)
% change from previous quarter:	+9.24%

Comments / Other information:

information sourced from the Australian Bureau of Statistics and Oanda.com for currency

Air Capacity

Air Canada - effective 16th December, 2007 new daily non-stop service between Sydney and Vancouver using new Boeing 777 aircraft. Air Canada becomes the only airline offering this new non-stop service between Australia and Canada.

The Qantas takeover bid has been rejected though the Airline Marketing Partners are still committed to pursuing. (Travel Weekly May 11 2007).

Cathay Pacific will add three additional flights a week between Hong Kong and Vancouver from 14 June to 27 October this year. This is in addition to twice-daily services. Passengers from PER/BNE/ADL/CNS can direct connect to Vancouver instead of having to overnight in Hong Kong. (Cathay Pacific Airways, 22 March 2007).

Qantas has announced the addition of two extra QF services Sydney-Los Angeles-New York, bringing operations on the route to a daily service. (Travel Daily 27/3/07).

Air New Zealand will increase their new service to Canada due to strong demand from customers eager to fly directly from Auckland to Vancouver. Air New Zealand will now operate year round and will provide 3 non-stop services each week during the months of Nov through March and July through August. The service will be available twice weekly for the remaining months of the year.

Economic / Political Environment

GDP growth:	3.5%
forecasted economic growth:	3.8%
unemployment rate:	4.3% (May 2007)
inflation:	2 - 3% for 2007
consumer price index:	2.4%
exchange rate:	\$1AUD = 0.90 CAD
net national disposable income:	

Comments / Other information

GDP increased 1.1% in the quarter, main contributors were private business investment which is affected by the privatisation of Telstra.

Real GDP expansion is now projected to accelerate to 3.3% in 2008

Unemployment has fallen to a three decade low

CPI rose 0.1% in the March quarter 2007

The annual inflation figure fell back inside the 2-3 per cent target set by the Reserve Bank of Australia (RBA) largely due to the reduced cost of food and household contents and services

Inflation is easing which will likely suggest an interest rate rise prior to the end of the year

IMF stated "Australia is in its 16th year of uninterrupted economic growth"

The A\$ has strengthened noticeably against the US\$ reaching US\$.85

A Federal election is expected in late 2007

Emerging Tourism Trends

Skiing in Japan has become very cheap for Australians. The Yen has dropped 20% this last year against the strong Australian dollar making the price of a ski trip to Japan very affordable and the competition for a Canadian ski experience tougher.

Internet users in Australia has risen to 743 per 1000 people. This ranks Australia top in the Asia-Pacific region and fourth globally. The number of internet users has risen from 396 users in 2000, a compound growth rate of over 11 % per annum over six years.

Fly Drive now in the forefront of FIT wholesaler activities with additional companies giving Canada product increased focus and promotion

The overwhelming success of the 21 day cruise, rail and rockies program has a double edge effect in the marketplace. The positive - profile and visibility for Canada. The negative that FIT and other Canadian products are challenged to compete or become visible to the consumer.

With group tours to Canada launching earlier and earlier every year (July) the resulting casualty is the FIT wholesaler who can not get rates from Canadian suppliers thus not getting on to the shelves until September or later.

Sports Tourism in Australia is being recognised as a rapidly emerging market with greater worldwide media coverage, more affordable travel and disposable incomes. (Travel Weekly, May 4, 2007).

Staff shortages in the travel industry have led to a formal incorporation of the Travel Industry Careers Association set up in May to promote tourism jobs in Australia (Travel Daily May 2, 2007).

Online travel company Zuji has reported that e-ticket sales are up 53% this quarter over the same period last year (Travel Daily April 27, 2007). The result indicates Australian's increasing tendency to purchase international tickets online.

IAATA has released March air traffic results which show that passenger demand increased 7.8% on last year, with an increase of 5% to North America (Travel Daily 1 May 2007).

With wholesaler and retailer mergers and acquisition being a huge focus of 2006 and early 2007, businesses have been advised to specialise and enter the niche-market sectors of travel to be competitive (Travel Weekly, March 30, 2007).

Market Development Activities

Creative Holidays have acquired the consumer website Ineedaholiday.com.au; a one-stop-shop for online holiday solutions .

Travel Alberta conducted a promotion with national Travel Industry newsletter, "Travel Daily" for the month of May, asking subscribers to list the six major ski resorts in Alberta to win double tickets to the Banff Film Festival.

Scenic Tours recently conducted a 10-day mega-famil to Canada, taking approximately 45 agents to visit Victoria, Vancouver, Whistler, Jasper, Lake Louise and Banff.

Trafalgar tours have been developing their online presence in the Australian market, introduced a new online Express Check-In facility - www.trafalgartours.com/express where customers can enter details such as preferred food and emergency numbers (Travel Daily 30 April 2007)

CTC Activities

Trade Development

Canada Day luncheon to be held in conjunction with BC Downunder focusing on the 2010 Olympics. Rod Harris, President & CEO of Tourism BC is attending. Over 130 trade and media partners will be attending. Over 20 Canadian delegates will attend BC Downunder which includes a B2B and travel trade product update evening.

CSP agent Ski/Winter training undertaken in Brisbane, Adelaide and Perth in conjunction with Travel Alberta & Tourism BC.

The CSP training modules being revamped to be on brand. We have released Atlantic Canada, Canada's North, Saskatchewan Manitoba and the new Ski training module

Consumer Development

Cooperative Advertising in The Weekend Australian magazine (national) undertaken with Qantas Airways, Tourism BC, Travel Alberta & Value Tours to promote FIT summer travel. Four full page ads placed over 4 weeks (April) in conjunction with a website promotion. 2661 total entries and 1579 subscribers to our e-newsletter.

Come Ski Canada guide 2007/08 completed on brand and available for distribution at the end of June. Distribution includes – travel agencies, on mountain drop (NSW/MIC ski fields), Ski & Board shops, Alpine Times & Snowy Times as well as CTC consumer calls.

Co-operative Advertising in the Australian Seniors Newspaper undertaken with Adventure Destinations to promote new product including Motor Home Holidays, Cruising, Polar Bear Tours, Northern Lights Tours etc. Other elements of this campaign include production of new flyer/brochure, direct mail to Adventure Destinations database, Canada Expos in Melbourne, Sydney & Brisbane, film & info days.

Cooperative Advertising undertaken with Adventure World in conjunction with their retail partners Flight Centre & Harvey World Travel promoting FIT travel.

Integrated campaign including – Window banners nationally, newspapers, web, catalogue & agents incentive.

Media

Date – April - June 07

Circulation/viewers – 18,015,728

Editorial Value - \$1,619, 010.88

Public Relations

Television programs - Two Australian travel programs have filmed in Canada this quarter. Channel 9's Getaway, sent a number of crews to film the following: Montreal city guide, Lake Louise hiking, Whistler Mountaineer, horseriding the Rockies and driving the Cabot Trail. These segments will be included in the one hour Canada special that Getaway will air later this year.

The Great Outdoors, the Channel 7 travel program, travelled to Canada this quarter to film in Toronto, Niagara, The Rideau Canal, Ottawa and Vancouver Island.

The Garden Gurus will travel to Canada in July to film BC and Alberta for an hour special. The Calgary Stampede will be a focus of this program.

Print media - A number of print journalists undertook independent family trips this quarter. These include: James Shrimpton from AAP (Vancouver and Yukon), Jane Southward – Life Etc. (BC & Alberta), freelancer Craig Tansley (BC).

Other independent families which are currently being planned include: Frances Hibbard – Harpers Bazaar (Eastern provinces plus BC & Alberta), Greg Hackett – Sunday Herald Sun (VIA Rail and Fairmont), John Crook – freelance (Yukon, BC & Alberta), Nick Dent – freelance (Nova Scotia).

Group families - GoMedia 07 was a huge success. The Australian journalists who attended are all currently working on their Canada stories.

We are planning another group famil for late August 07. This famil will visit Ontario.

Promotions - The Living Well promotion through MBF ran from April-June. The winner has been chosen and will experience a deluxe trip for 2 to Ontario. We had approx 2000 entries in this competition. The ground content for this prize was supplied by Ontario Tourism, Toronto Tourism, and Niagara Falls Tourism.

We are currently organising the prizewinner's trip from our Travel Daily promotion.

Events - The Canada Day lunch inconjunction with BC Downunder will take place on June 29.

Competitive Environment

New Zealand, Australia's number one international ski destination currently undergoing massive preparations for the 2007 ski season - investing heavily in snow-making facilities and equipment development to improve capacity, quality and longevity of their ski experiences (Travel Weekly, April 20 2007).

South Africa experiencing increased visitation by Australians with increases of 16% (89,936 visits) in 2006 over 2005. South African Tourism attributing the success to delivering a consistent message to Australians and the introduction of 'mega-famils' in 2005 (Travel Daily, 14 May, 2007).

Australian Government will invest \$193.3m in Australian Tourism over the next four years to further strengthen the domestic (and international) market (Travel Daily 10 May 2007).

Tahiti Tourisme has recently opened an office in Australia. The NTO stated growth from the Australia Market has steadily increased 3-4% every year (Travel Daily 11 April 2007).



Future Outlook

Canada Specialist program currently being reviewed with the view to revamp, upgrade and bring enhance the program with elements of the CTC Global Canada Specialist program

With four operators putting their 2008 programs to bed - there is interest and opportunity to expand the Canada range of product. Experience product seems to be the buzz word and elements operators are looking for.