

# The Ontario Tourism Outlook

2007 – 2011

Forecast Completed in June 2007

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## Executive Summary

The strengthening of the Canadian dollar against the U.S. dollar over the last few years has brought about a significant re-alignment in travel patterns to and from the province. Outbound travel to the U.S. has strengthened while inbound U.S. visits have been weak. The ongoing strength of the Canadian dollar will contribute to a continuation of these trends as the growth of outbound travel exceeds inbound travel growth over the next few years.

Highlights of the forecast include our expectation that:

- Ontario inbound visits rose 1.4% in 2006 to 114.8 million visits. We expect inbound visit growth to continue in 2007 and 2008, up 2.3% and 1.8% respectively. Growth over the five years to 2011 will be weaker, averaging 1.2% per year, mainly due to the impact of the WHTI on U.S. visits to Ontario.
  - The number of total visits by intra-provincial travellers is expected to grow to 98.3 million in 2011, reflecting an average annual compound rate of 1.6%.
  - The number of visitors from the U.S. to Canada has declined sharply over the last few years. Going forward, we expect changes to passport regulations, high fuel prices and the strong Canadian dollar to continue to limit growth in visitors from the U.S. to Canada. Visits from 2006 through 2011 will decline by 1.7% per year on average with same day and leisure travel experiencing the largest declines.
  - Travel from overseas origins is expected to be robust in the coming five years as strong economic fundamentals support average annual growth of about 4.9% per year through 2011. Japan and other overseas origins will experience growth of about 5% and 6% respectively per year through 2011. The UK, France and Germany will lag at 3.6%, 3.5% and 2.2% per year respectively.
  - The number of visitors from other provinces will be sluggish, shrinking at an annual average of 0.2% per year through 2011. Part of this sluggish growth relates to the stronger Canadian dollar which will favour Canadian travel to the U.S. and overseas countries and reduce the growth of travel within Canada.
- Ontario outbound visits rose 7.7% in 2006 and growth over the next five years is expected to average 4.2% per year through 2011 supported by the high value of the Canadian dollar and strong income growth.
  - The number of visitors from Ontario to other provinces is expected to grow from 6.1 million in 2006 to 6.6 million in 2011, an average of 1.6% per year.
  - A stronger Canadian dollar and solid economic growth in Ontario will help the number of visitors from Ontario to the U.S. to reach 26.4 million by 2011 – a compounded annual growth rate of 5.2%.
  - The number of visitors from Ontario to all overseas destinations is expected to grow from 3.2 million in 2006 to 3.7 million in 2011 – a compounded annual rate of 2.8%.

# Ontario Inbound Travel

## ***Economic Background—the Ontario Economy***

Ontario's real Gross Domestic Product grew by 1.9% in 2006, following increases of 2.8% in 2005 and 3.2% in 2004. The relatively weak economic performance in 2006 can be attributed to Ontario's trade sector. Final domestic demand – the sum of consumer spending, business investment and government spending – rose 4.0% in 2006, following a gain of 3.8% in 2005. A strong Canadian dollar, along with weaker U.S. demand and restructuring in the auto sector are blamed for slowing Ontario exports in 2006.

In 2006, the Ontario economy generated an additional 95,000 jobs (1.5%) following a gain of 81,200 jobs in 2005 and this pushed the unemployment rate down to 6.3% from 6.6% in 2005. The *Ontario Economic Update, May 2007* reports that employment for the first four months of the year is up 1.5% from the same period last year, for a gain of 98,200 jobs.

The strong Canadian dollar and weaker economic growth have helped moderate inflation despite increases in the price of oil and gas. The Consumer Price Index inflation rate in Ontario was 1.8% in 2006, down from 2.2% in 2005, and lower than both the national (2.0%) and U.S. (3.2%) CPI inflation rates. CPI inflation in 2007 remains moderate at 1.8% in April (year-to-year).

Household spending appears to be cautious at present. Following several years of frantic activity, housing starts are slowing and were 20.5% below last year's levels in the first quarter of 2007 and sales of new motor vehicles were 4.9% below last year's levels in the first quarter of 2007. The housing resale market, however, remains positive with home sales rising 2.5% above last year's levels in the first quarter of 2007 and retail sales rose 3.9% – well above the rate of inflation – in the same period.

In contrast, business sector activity appears to be quite robust. According to Statistics Canada's *Private and Public Investment Intentions Survey*, Ontario businesses and public sector institutions plan to increase investment by 4.1% in 2007. Actual investment in 2006 was 6.3%, the strongest rate of growth since 1999. In support of these intentions, non-residential building permits rose 52.4% in the first quarter of 2007 above the same period in 2006.

Even Ontario's beleaguered manufacturing sector is showing signs of life. Manufacturing shipments rose 0.6% in the first quarter of 2007, the strongest quarterly increase since the third quarter of 2005. Statistics Canada's April survey of Ontario manufacturers provides further ground for optimism with 65% of firms planning to maintain production volumes in the coming quarter, up from 60% in January.

Providing further evidence of a turn-around, the value of Ontario's international merchandise exports (customs-based) rose 6.4% in the first quarter of 2007 over the same period in 2006. The value of imports, however, rose 8.0% in the same period.

According to the Ontario Ministry of Finance *Economic Outlook and Fiscal Review 2006*, the economy outlook for Ontario looks a little brighter. Real GDP is expected to grow 2.4% this year and average 3.3% in 2008 and 2009. The economy will continue to struggle with the high Canadian dollar, soaring energy prices, emerging market competition and a weakening U.S. consumer sector.

The provincial manufacturing sector has been hard hit with the huge job losses in recent years. However, Ontario has gained reasonably solid employment growth in other areas, especially the service sectors. Solid job gains and wage increases help boost personal income, which is forecast to grow at 4.1% this year before growing 4.9% per year in 2008 and 2009. Strong personal income growth leads to robust consumer spending: forecast at 3.0% a year for the next three years. While spending in durable goods will slow down, consumption in the service sectors including restaurant, accommodation, purchased transportation and cultural services is expected to be stronger. The CPI will slow to 1.4% in 2007 due to the GST cut impact and the projected downturn in the price of oil. Over the medium term, the CPI will grow at an average rate at 2.2%.

The business sector in Ontario is expected to lead growth. Increased cuts to the provincial capital tax and the business education tax could improve investment. Real business investment is expected to increase by an average of 5.8% a year from 2007 to 2009 according to the Ontario Ministry of Finance.

Ontario's trade balance slowed the growth of the total economy in 2006. It has been damaged by the high dollar, weak demand in the south of the border and intense restructuring in auto industry. A similar picture is expected this year but the sector is expected to resume a positive contribution to GDP in 2008 and 2009 when U.S. growth improves and the auto industry rebounds.

The two major risk factors for the tourism industry include the Canadian dollar and oil and gasoline prices. This forecast expects the Canadian dollar to average 88.4 cents U.S. in 2007 and appreciate to an average 90.3 cents U.S. from 2008 to 2011. As for oil prices, this forecast anticipates that oil prices will average US \$61.0 per barrel this year and average US \$64.1 per barrel from 2008 to 2011. If the exchange rate and oil prices remain above these levels, the outlook for inbound visits will deteriorate. The Ministry estimates that a 1% appreciation of the Canadian dollar reduces visits from the U.S. by 1.8% over the medium term with the overnight leisure segment being the most significantly affected.

## ***Inbound Travel Summary***

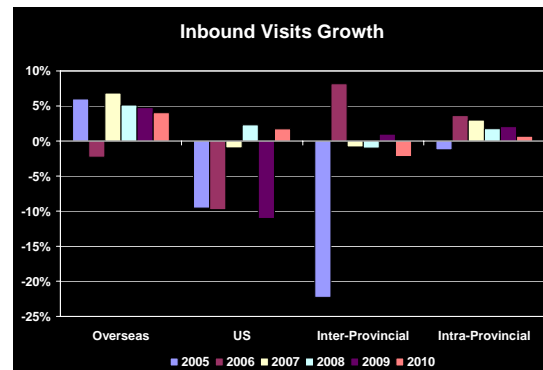
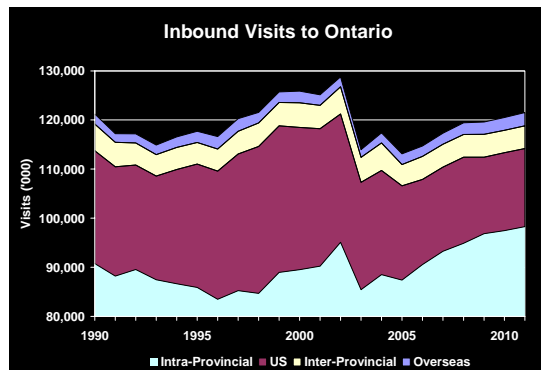
Ontario inbound visits rose 1.4% in 2006 bringing total Ontario inbound visits to 114.8 million for the year – still well short of pre-SARS levels. Growth over the next five years is expected to average 1.2% per year through 2011. Total expenditures in 2006 rose 3.0% to \$18.1 billion and are expected to grow an average 3.7% a year to 2011.

### **Total Ontario Inbound**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Total Visits('000)	113,232	114,788	117,440	119,516	119,675	120,595	121,622
Overnight	45,914	46,221	46,565	47,844	48,544	48,788	49,234
Same Day	67,317	68,566	70,875	71,673	71,131	71,807	72,388
Business	9,921	10,287	10,299	10,375	10,463	10,555	10,641
Nonbusiness	103,311	104,500	107,140	109,141	109,212	110,040	110,982
Total Expenditures(\$000)	17,602,632	18,122,795	18,373,979	18,929,812	19,454,721	20,455,098	21,743,826
Overnight	13,261,845	13,430,048	13,612,320	14,053,316	14,619,021	15,520,199	16,722,928
Same Day	4,340,788	4,692,747	4,761,658	4,876,496	4,835,700	4,934,900	5,020,898
Business	3,779,854	3,894,967	4,028,205	4,151,533	4,248,699	4,298,565	4,425,305
Nonbusiness	13,822,778	14,227,828	14,345,774	14,778,279	15,206,021	16,156,533	17,318,522

## Total Ontario Inbound

	2005	2006	2007	2008	2009	2010	2011
Total Visits	-3.6%	1.4%	2.3%	1.8%	0.1%	0.8%	0.9%
Overnight	0.0%	0.7%	0.7%	2.7%	1.5%	0.5%	0.9%
Same Day	-6.0%	1.9%	3.4%	1.1%	-0.8%	1.0%	0.8%
Business	-7.7%	3.7%	0.1%	0.7%	0.9%	0.9%	0.8%
Nonbusiness	-3.2%	1.2%	2.5%	1.9%	0.1%	0.8%	0.9%
Total Expenditures	5.5%	3.0%	1.4%	3.0%	2.8%	5.1%	6.3%
Overnight	8.2%	1.3%	1.4%	3.2%	4.0%	6.2%	7.7%
Same Day	-1.9%	8.1%	1.5%	2.4%	-0.8%	2.1%	1.7%
Business	4.5%	3.0%	3.4%	3.1%	2.3%	1.2%	2.9%
Nonbusiness	5.8%	2.9%	0.8%	3.0%	2.9%	6.3%	7.2%



## Intra-provincial Travel

### Key Drivers

The key drivers of the forecast of intra-regional travel are Ontario real disposable income, tourism prices (relative to other prices), interest rates and highway traffic volumes. Real disposable income growth is expected to accelerate slightly in 2007, expanding by 3.8% after a 3.7% increase in 2006. Strong income growth coupled with declines in tourism prices will boost intra-regional visits in 2007.

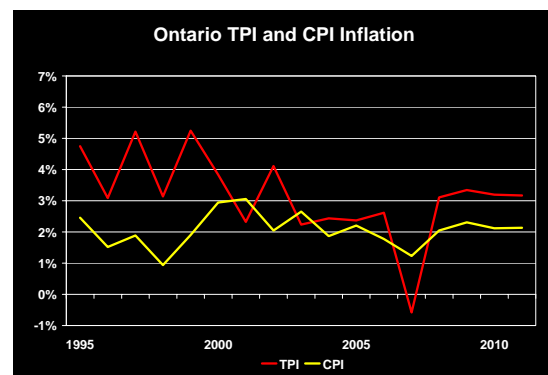
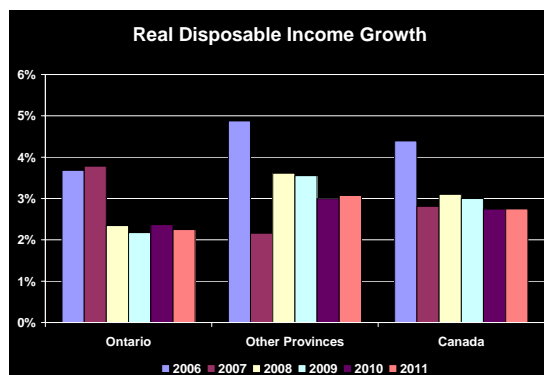
Income growth after 2007 is, however, expected to average a little over 2%, and lag behind the national average. Tourism prices after 2007 are expected to rise just over 3% a year and exceed CPI inflation which is expected to average a little over 2% a year. These two factors will dampen tourism activity in Ontario in this period.

Highway traffic volumes in Ontario have risen 40% since 1990 and are projected to rise a further 7% by 2011. The high volume of traffic discourages same day travel in Ontario because of the increased time required to reach a destination. The increase in traffic volumes over the forecast period is estimated to depress same day leisure travel by 4.8%, or 2.7 million visits, in 2011 below the level that could be expected if highway traffic volumes remained unchanged from 2006 volumes.

## Ontario: Key Drivers

	Quarterly						
	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2
Real Disposable Income (\$mill.)	291,195	296,116	298,420	300,049	298,759	302,277	305,538
% change year ago	3.7%	4.0%	4.7%	3.9%	2.6%	2.1%	2.4%
Unemployment Rate (%)	6.2	6.4	6.4	6.4	6.4	6.5	6.5
Tourism Price Index (% ch year ago)	1.6%	0.0%	-1.8%	-1.4%	1.0%	4.3%	2.6%
CPI (% ch year ago)	0.9%	1.0%	0.5%	1.4%	2.1%	1.9%	1.9%
Price of Gasoline (% ch year ago)	2.2%	2.7%	-0.8%	-0.9%	4.8%	3.1%	2.3%
Highway Traffic Volumes (% ch)	1.2%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%
Exchange Rate (C\$/US\$)	1.13	1.14	1.14	1.13	1.12	1.12	1.12

	Annual						
	2005	2006	2007	2008	2009	2010	2011
Real Disposable Income (\$mill.)	277,425	287,639	298,521	305,528	312,174	319,566	326,754
% change	1.9%	3.7%	3.8%	2.3%	2.2%	2.4%	2.2%
Unemployment Rate (%)	6.6	6.3	6.4	6.5	6.5	6.4	6.3
Tourism Price Index (% change)	2.4%	2.6%	-0.6%	3.1%	3.3%	3.2%	3.2%
CPI (% change)	2.2%	1.8%	1.2%	2.0%	2.3%	2.1%	2.1%
Price of Gasoline (% change)	5.3%	4.9%	1.4%	2.4%	2.2%	2.1%	2.1%
Highway Traffic Volumes (% ch)	1.5%	1.3%	1.4%	1.5%	1.5%	1.6%	1.5%
Exchange Rate (C\$/US\$)	1.21	1.13	1.13	1.12	1.11	1.10	1.10



## The Outlook for Intra-Provincial Travel

Intra-provincial travel in 2006 reversed its slide from the previous year and rose 3.6% with the same day and non-business segments making the largest gains. The outlook remains good for 2007 with visits rising 3.0% but growth slows over the remainder of the forecast period and averages 1.6% a year to 2011. Implementation of the WHTI is expected to provide a small boost to non-business travel, with some Ontario residents choosing to travel within the province instead of the U.S.<sup>1</sup> Same day and non-business visits are expected to lead growth and expand by an average of 1.8% a year to 2011. The overnight market is expected to grow an average 1.4% a year while business visits expand by just 0.4% a year to 2011.

<sup>1</sup> The impact of WHTI on visits in this forecast is consistent with the analysis conducted by the Ministry of Tourism's Tourism Research Unit in October 2005: "The Impact of the Western Hemisphere Travel Initiative on Travel to/from Ontario." The "medium scenario" impact has been used for this forecast, with the implementation of the land crossing requirement taking effect in January 2009.

Total expenditures by intra-provincial travellers are expected to grow by 4.7% on a compounded annual basis over the five years ending in 2011. Expenditures by overnight visitors will grow a more rapidly than for same day visitors and non-business travel expenditures will expand faster than business expenditures.

#### Ontario to Ontario

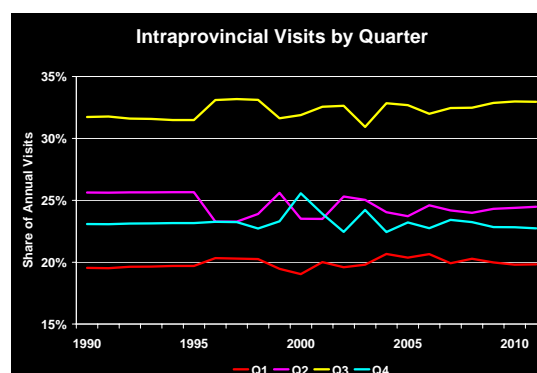
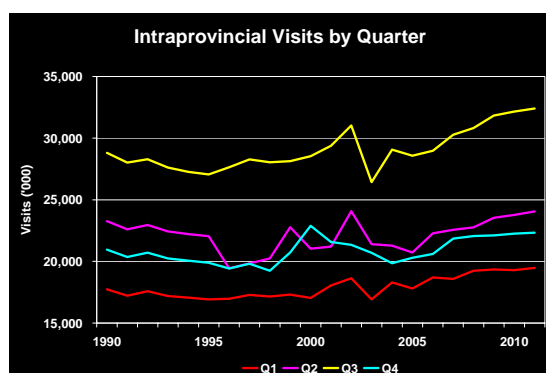
	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	87,389	90,554	93,256	94,885	96,825	97,473	98,271
Overnight	33,815	34,376	34,624	35,676	36,416	36,565	36,773
Same Day	53,574	56,178	58,632	59,210	60,410	60,909	61,498
Business	6,780	7,005	7,050	7,084	7,104	7,125	7,142
Nonbusiness	80,609	83,549	86,206	87,801	89,721	90,348	91,129
Total Expenditures(\$000)	8,852,858	9,411,943	9,548,430	9,815,615	10,283,395	10,983,867	11,813,490
Overnight	5,700,089	5,806,346	5,818,779	5,969,376	6,317,542	6,942,620	7,690,006
Same Day	3,152,769	3,605,597	3,729,652	3,846,239	3,965,853	4,041,248	4,123,484
Business	1,365,101	1,453,654	1,459,726	1,505,218	1,542,642	1,562,846	1,568,877
Nonbusiness	7,487,757	7,958,289	8,088,705	8,310,397	8,740,753	9,421,021	10,244,613

#### Ontario to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	-1.2%	3.6%	3.0%	1.7%	2.0%	0.7%	0.8%
Overnight	3.2%	1.7%	0.7%	3.0%	2.1%	0.4%	0.6%
Same Day	-3.8%	4.9%	4.4%	1.0%	2.0%	0.8%	1.0%
Business	-6.8%	3.3%	0.6%	0.5%	0.3%	0.3%	0.2%
Nonbusiness	-0.7%	3.6%	3.2%	1.9%	2.2%	0.7%	0.9%
Total Expenditures	2.8%	6.3%	1.5%	2.8%	4.8%	6.8%	7.6%
Overnight	5.4%	1.9%	0.2%	2.6%	5.8%	9.9%	10.8%
Same Day	-1.6%	14.4%	3.4%	3.1%	3.1%	1.9%	2.0%
Business	-0.5%	6.5%	0.4%	3.1%	2.5%	1.3%	0.4%
Nonbusiness	3.5%	6.3%	1.6%	2.7%	5.2%	7.8%	8.7%

## Ontario Intra-provincial Visits by Season

Ontario residents are likely to travel within the province during the third quarter of the year, accounting for about 33% of the year's visits, and least likely to do so during the first quarter (20%). Travel during the second and fourth quarters is nearly equally likely, with the second quarter just beating the fourth. The seasonal patterns have been quite stable since the 1990s with evidence of a small decline in the popularity of travel in the second quarter being offset by gains in the third quarter. The impact of SARS crisis can be seen in sharp declines in travel during the first three quarters of 2003.



## Inter-provincial Travel

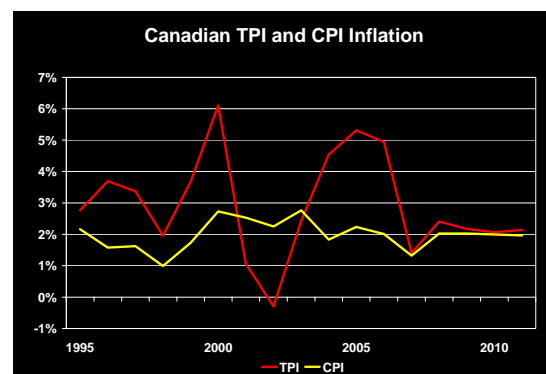
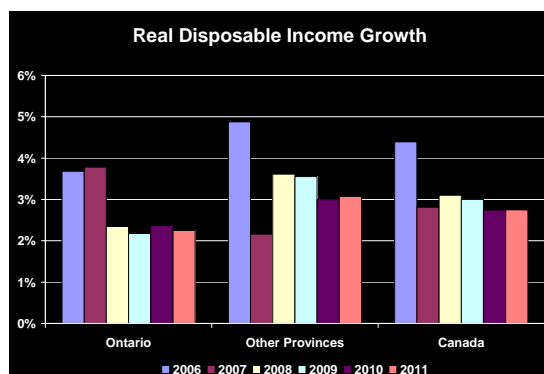
### Key Drivers

The key drivers of the forecast of inter-provincial travel to Ontario are real disposable income in the rest of the country and tourism prices in Ontario (relative to other prices). Following a strong 2006, real disposable income in the other provinces will decelerate in 2007 to 2.2% and average 3.1% a year out to 2011. While this growth will provide support for inter-regional visits, other factors will conspire against any significant advances in inter-regional travel. The main culprit is overall growth in Canadian outbound travel. As the exchange rate remains strong, non-Canadian destinations will become more attractive to Canadian travellers. Growth in outbound travel is expected to remain between 4% and 5% through 2011.

#### Inter-Provincial Travel: Key Drivers

	Quarterly						
	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2
Real Disposable Income (\$mill.)							
Canada	723,951	729,937	734,824	740,199	745,801	753,689	757,406
% change year ago	4.0%	1.7%	3.5%	3.1%	3.0%	3.3%	3.1%
Other Provinces	432,756	433,820	436,404	440,149	447,042	451,411	451,868
% change year ago	4.2%	0.2%	2.6%	2.5%	3.3%	4.1%	3.5%
Tourism Price Index, Canada (% ch year ago)	3.6%	5.9%	3.2%	3.2%	4.7%	4.0%	3.5%
CPI, Canada (% ch year ago)	1.3%	1.4%	0.7%	1.2%	2.0%	2.0%	2.0%
Price of Gasoline (% ch year ago)	-6.4%	-2.2%	-11.0%	-6.5%	10.6%	5.4%	3.2%
Exchange Rate (C\$/US\$)	1.13	1.14	1.14	1.13	1.12	1.12	1.12

	Annual						
	2005	2006	2007	2008	2009	2010	2011
Real Disposable Income (\$mill.)							
Canada	687,311	717,519	737,690	760,550	783,355	804,863	826,967
% change	2.5%	4.4%	2.8%	3.1%	3.0%	2.7%	2.7%
Other Provinces	409,887	429,880	439,169	455,022	471,181	485,297	500,213
% change	2.8%	4.9%	2.2%	3.6%	3.6%	3.0%	3.1%
Tourism Price Index, Canada (% change)	2.3%	2.2%	4.2%	3.4%	2.8%	2.7%	2.6%
CPI, Canada (% change)	2.2%	2.0%	1.3%	2.0%	2.0%	2.0%	2.0%
Price of Gasoline (% change)	16.8%	5.8%	-2.8%	2.2%	0.6%	1.0%	1.1%
Exchange Rate (C\$/US\$)	1.21	1.13	1.13	1.12	1.11	1.10	1.10



## The Outlook for Inter-Provincial Inbound Travel

After slumping 22% in 2005, inter-provincial inbound visits are expected to have partially recovered in 2006 to 4.7 million visits, up 8.2%. The weakness of the last few years can be partly attributed to the strength of the Canadian dollar against the U.S. currency, favouring Canadian travel to the U.S. and overseas destinations over domestic destinations.

The outlook to 2011 is for continued weakness in this market with visits declining an average 0.2% a year. Overnight and non-business visits are expected to make modest gains which are offset by declines in the same day and business segments. Total expenditures are expected to grow an average 2.1% a year to 2011.

### Other Provinces to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	4,336	4,690	4,650	4,603	4,648	4,546	4,655
Overnight	3,000	3,098	3,262	3,305	3,342	3,312	3,385
Same Day	1,336	1,593	1,389	1,298	1,307	1,234	1,269
Business	1,197	1,460	1,411	1,394	1,386	1,379	1,371
Nonbusiness	3,139	3,231	3,240	3,208	3,262	3,166	3,284
Total Expenditures(\$000)	1,223,381	1,322,702	1,348,225	1,371,543	1,404,244	1,414,215	1,466,592
Overnight	1,165,307	1,229,309	1,266,764	1,295,815	1,329,791	1,343,111	1,394,788
Same Day	58,074	93,392	81,462	75,729	74,453	71,105	71,804
Business	465,941	508,593	518,579	531,173	541,628	550,776	558,206
Nonbusiness	757,440	814,109	829,646	840,371	862,616	863,439	908,386

### Other Provinces to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	-22.3%	8.2%	-0.9%	-1.0%	1.0%	-2.2%	2.4%
Overnight	-24.0%	3.3%	5.3%	1.3%	1.1%	-0.9%	2.2%
Same Day	-18.1%	19.2%	-12.8%	-6.5%	0.7%	-5.6%	2.9%
Business	-23.3%	21.9%	-3.4%	-1.2%	-0.6%	-0.5%	-0.6%
Nonbusiness	-21.9%	2.9%	0.3%	-1.0%	1.7%	-2.9%	3.7%
Total Expenditures	-13.2%	8.1%	1.9%	1.7%	2.4%	0.7%	3.7%
Overnight	-13.1%	5.5%	3.0%	2.3%	2.6%	1.0%	3.8%
Same Day	-15.6%	60.8%	-12.8%	-7.0%	-1.7%	-4.5%	1.0%
Business	-24.6%	9.2%	2.0%	2.4%	2.0%	1.7%	1.3%
Nonbusiness	-4.3%	7.5%	1.9%	1.3%	2.6%	0.1%	5.2%

## United States—Inbound Travel to Ontario

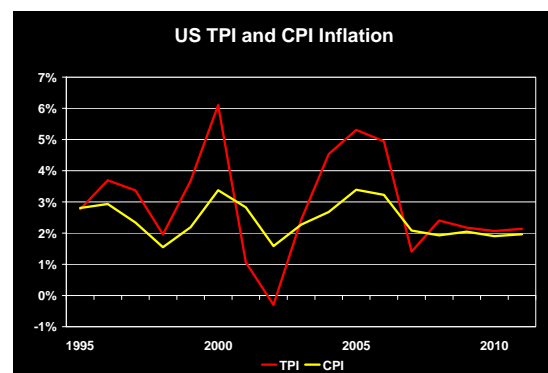
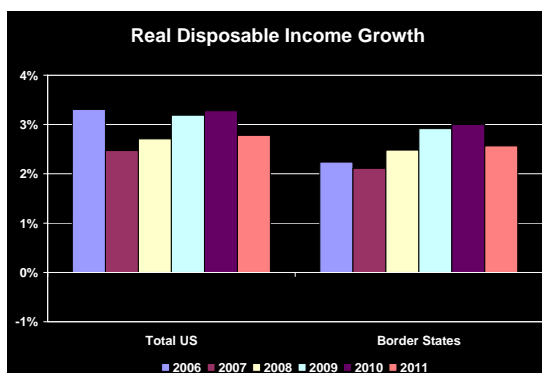
### Key Drivers

The most important explanatory variable when looking at travel from the U.S. to Ontario is the value of the dollar. The exchange rate will continue to appreciate gradually over the forecast. The higher value of the Canadian dollar will continue to discourage U.S. residents from visiting Ontario. Income growth in both the border and non-border states will be stable but slower in the border states than in the rest of the country. With the border states accounting for over 80% of travel to Ontario from the U.S., slower income growth in this region is not positive for travel to Ontario. Finally, the WHTI secure document requirements are expected to have a significant impact on travel – particularly same day travel beginning in January 2009.

#### United States: Key Drivers

	Quarterly						
	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2
Real GDP (\$bill.)							
Border States	1,799	1,712	1,738	1,786	1,832	1,748	1,783
% change year ago	3.2%	1.9%	2.1%	2.7%	1.8%	2.1%	2.6%
Total US	11,507	11,579	11,665	11,787	11,752	11,855	11,990
% change year ago	3.1%	2.3%	2.4%	3.0%	2.1%	2.4%	2.8%
Tourism Price Index, US (% ch year ago)	2.2%	2.7%	-0.8%	-0.9%	4.8%	3.1%	2.3%
CPI, US (% ch year ago)	1.9%	2.5%	1.9%	1.5%	2.4%	2.0%	1.7%
Exchange Rate (C\$/US\$)	1.13	1.14	1.14	1.13	1.12	1.12	1.12

	Annual						
	2005	2006	2007	2008	2009	2010	2011
Real GDP (\$bill.)							
Border States	1,693	1,731	1,767	1,811	1,864	1,920	1,969
% change	1.5%	2.2%	2.1%	2.5%	2.9%	3.0%	2.6%
Total US	11,049	11,414	11,696	12,013	12,396	12,802	13,158
% change	3.2%	3.3%	2.5%	2.7%	3.2%	3.3%	2.8%
Tourism Price Index, US (% change)	5.3%	4.9%	1.4%	2.4%	2.2%	2.1%	2.1%
CPI, US (% change)	3.4%	3.2%	2.1%	1.9%	2.0%	1.9%	2.0%
Exchange Rate (C\$/US\$)	1.21	1.13	1.13	1.12	1.11	1.10	1.10



## The Outlook for U.S. Inbound Travel to Ontario

The number of visitors from the U.S. to Canada has declined sharply over the last few years. Total visits in 2006 declined another 9.9% to 17.4 million with visits from the border states declining slightly faster at 10.4%. Visits by all market segments fell in 2006, but the declines were largest for same day and non-business visits.

The outlook includes a continued decline in visits in 2007 as the new WHTI document requirements are expected to reduce visits. Visits decline again in 2009 with the implementation of the WHTI land crossing document requirements. As a result, we expect average annual declines of 1.7% through to 2011. Declines are heaviest for same day visits which fall sharply in 2009 with the implementation of the WHTI at all land border crossings.

We expect declines to be heaviest among non-business visits because most business travellers are likely to have a passport. While the number of business visitors fell in both 2005 and 2006, they are expected to grow at an average annual 2.6% throughout the forecast – but are still well short of pre-SARS levels by 2011.

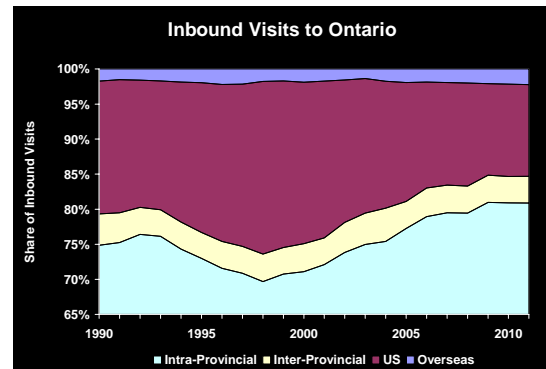
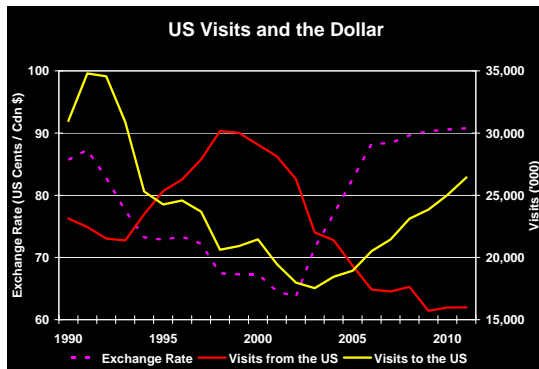
Total expenditures by U.S. visitors are expected to grow 1.0% a year over the five years ending in 2011 with the business and overnight spending segments leading non-business and same day spending.

### USA to Ontario

	2005	2006	2007	2008	2009	2010	2011
<b>Total Visits('000)</b>	19,334	17,421	17,266	17,644	15,704	15,977	15,998
Overnight	7,189	6,809	6,705	6,853	6,696	6,740	6,821
Same Day	12,145	10,612	10,560	10,792	9,008	9,237	9,177
Business	1,545	1,429	1,427	1,455	1,509	1,565	1,621
Nonbusiness	17,789	15,992	15,839	16,189	14,195	14,412	14,377
<b>Total Expenditures(\$000)</b>	5,037,554	4,828,529	4,802,827	4,928,750	4,790,913	4,892,356	5,069,314
Overnight	4,026,097	3,920,247	3,912,187	4,016,024	4,034,383	4,109,918	4,285,908
Same Day	1,011,458	908,283	890,640	912,725	756,530	782,439	783,406
Business	1,335,039	1,296,897	1,363,591	1,358,156	1,369,245	1,362,119	1,436,003
Nonbusiness	3,702,515	3,531,633	3,439,237	3,570,594	3,421,668	3,530,238	3,633,311
<b>Border States</b>							
<b>Total Visits('000)</b>	15,848	14,199	14,053	14,360	12,504	12,682	12,629
Overnight	4,775	4,518	4,431	4,528	4,301	4,270	4,273
Same Day	11,073	9,681	9,622	9,832	8,204	8,412	8,357
Business	933	852	842	859	885	914	942
Nonbusiness	14,915	13,347	13,212	13,501	11,620	11,768	11,687
<b>Total Expenditures(\$000)</b>	2,873,947	2,730,292	2,711,470	2,786,521	2,598,886	2,644,623	2,683,559
Overnight	1,999,380	1,944,166	1,949,012	2,008,653	1,960,040	1,983,702	2,022,451
Same Day	874,567	786,125	762,458	777,868	638,846	660,921	661,108
Business	478,324	462,330	508,188	507,812	518,988	531,981	545,558
Nonbusiness	2,395,623	2,267,962	2,203,283	2,278,709	2,079,899	2,112,642	2,138,001

## USA to Ontario

	2005	2006	2007	2008	2009	2010	2011
<b>Total Visits</b>	-9.6%	-9.9%	-0.9%	2.2%	-11.0%	1.7%	0.1%
Overnight	-3.3%	-5.3%	-1.5%	2.2%	-2.3%	0.7%	1.2%
Same Day	-13.0%	-12.6%	-0.5%	2.2%	-16.5%	2.5%	-0.7%
Business	-2.6%	-7.5%	-0.2%	2.0%	3.7%	3.7%	3.6%
Nonbusiness	-10.2%	-10.1%	-1.0%	2.2%	-12.3%	1.5%	-0.2%
<b>Total Expenditures</b>	-2.0%	-4.1%	-0.5%	2.6%	-2.8%	2.1%	3.6%
Overnight	0.7%	-2.6%	-0.2%	2.7%	0.5%	1.9%	4.3%
Same Day	-11.5%	-10.2%	-1.9%	2.5%	-17.1%	3.4%	0.1%
Business	3.9%	-2.9%	5.1%	-0.4%	0.8%	-0.5%	5.4%
Nonbusiness	-4.0%	-4.6%	-2.6%	3.8%	-4.2%	3.2%	2.9%
<b>Border States</b>							
<b>Total Visits</b>	-10.7%	-10.4%	-1.0%	2.2%	-12.9%	1.4%	-0.4%
Overnight	-4.7%	-5.4%	-1.9%	2.2%	-5.0%	-0.7%	0.1%
Same Day	-13.0%	-12.6%	-0.6%	2.2%	-16.6%	2.5%	-0.7%
Business	-2.1%	-8.7%	-1.2%	2.1%	3.0%	3.3%	3.1%
Nonbusiness	-11.2%	-10.5%	-1.0%	2.2%	-13.9%	1.3%	-0.7%
<b>Total Expenditures</b>	-4.1%	-5.0%	-0.7%	2.8%	-6.7%	1.8%	1.5%
Overnight	-0.8%	-2.8%	0.2%	3.1%	-2.4%	1.2%	2.0%
Same Day	-10.9%	-10.1%	-3.0%	2.0%	-17.9%	3.5%	0.0%
Business	10.0%	-3.3%	9.9%	-0.1%	2.2%	2.5%	2.6%
Nonbusiness	-6.5%	-5.3%	-2.9%	3.4%	-8.7%	1.6%	1.2%



## Overseas Travel – Inbound

### Factors Affecting Inbound Travel from Abroad

International travel is driven by two main factors: the cost of travel – which is affected by exchange rates – and GDP or income growth. Travel to Ontario from overseas countries is a function of economic conditions in the originating country that determine *whether or not* someone will travel and then on relative prices which determine *where* people will travel.

Economic growth in Eurozone countries is expected to be strong in 2007, which is positive for Ontario tourism, but then slows sharply over the next few years. Japan's economy, in contrast, is showing signs of life after a decade of slow growth. Growth is expected to be at or above 2% over the next two years although it is expected to slow steadily over the remainder of the forecast.

The Canadian dollar is expected to continue to make gains against the U.S. dollar. The Canadian dollar's strength against other major currencies depends, however, on the degree to which they are going to appreciate against the U.S. dollar.

The European Euro is expected to continue appreciating against the U.S. dollar until 2010. The rate of appreciation is faster than that of the Canadian dollar so the Canadian dollar is expected to depreciate against the Euro over most of the forecast period. This depreciation helps offset weak income growth in the Eurozone after 2007 and encourages travel to Ontario.

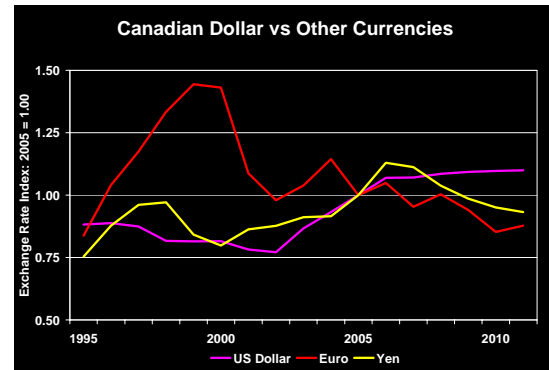
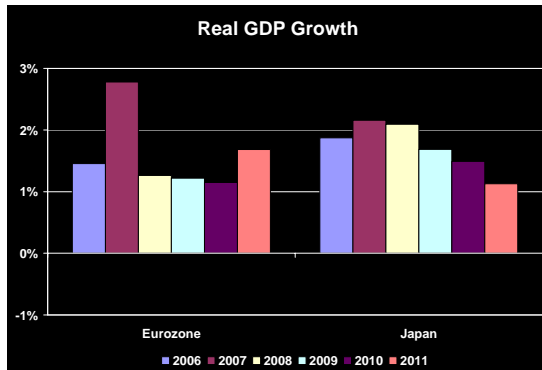
The Japanese Yen is also expected to appreciate against the U.S. dollar over the forecast period. Like the Euro, the Yen is expected to appreciate by more than the Canadian dollar against the U.S. dollar leading to a depreciation of the Canadian dollar against the Yen which is positive for travel to Ontario from Japan.

#### Overseas Travel: Key Drivers

	Quarterly						
	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2
Exchange Rate							
Yen/US\$	117.7	118.7	114.3	113.3	111.4	108.0	106.2
Euro/US\$	0.776	0.764	0.745	0.737	0.729	0.719	0.709
UK Pound/US\$	0.522	0.512	0.512	0.506	0.503	0.499	0.498
Mexican Peso/US\$	10.88	11.08	11.01	11.05	11.21	11.34	11.58
Real GDP Growth							
Eurozone	3.3%	2.3%	2.4%	3.0%	2.1%	2.4%	2.8%
Japan	2.3%	1.6%	2.1%	3.0%	1.6%	1.7%	1.7%

	Annual						
	2005	2006	2007	2008	2009	2010	2011
Exchange Rate							
Yen/US\$	110.1	116.3	114.4	105.3	99.3	95.4	93.4
Euro/US\$	0.804	0.796	0.743	0.705	0.674	0.699	0.722
UK Pound/US\$	0.550	0.543	0.508	0.496	0.474	0.506	0.527
Mexican Peso/US\$	10.94	11.06	11.09	11.49	11.68	11.98	12.29
Real GDP Growth							
Eurozone	1.5%	2.8%	1.3%	1.2%	1.1%	1.7%	1.4%
Japan	1.9%	2.2%	2.1%	1.7%	1.5%	1.1%	1.2%



## Outlook for Overseas Travel to Ontario

Total visits to Ontario from overseas origins fell 2.1% in 2006 to 2.1 million following an increase of 6.0% in 2005. Visits in 2007 are, however, expected to improve rising 6.2% to 2.3 million and the outlook remains positive with average annual growth of 4.5% expected out to 2011.

Over the next five years, growth from overseas origins will range from 5.8% per year (other overseas countries) to 2.2% per year (Germany). Overnight visits make up the majority of overseas visits to Ontario and are expected to expand at 3.1% per year through 2011. Business travel will slightly outpace leisure travel, expanding at 5.2% and 4.9% per year respectively through 2011. Over the five-year period, the compounded annual growth rate in visits is expected to be:

- 2.2% for visitors from Germany.
- 3.5% for visitors from France.
- 3.6% for visitors from Great Britain
- 4.8% for visitors from Japan
- 5.8% for visitors from other overseas countries

Expenditures of overseas visitors to Ontario are expected to expand by 5.8% per year over the five years ending in 2011. Expenditures by business visitors are expected to grow by 6.3% a year while expenditures by leisure visitors are expected to grow by 4.9% on a compounded annual basis over the same period.

### Total Overseas to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	2,172	2,122	2,267	2,384	2,497	2,598	2,699
Overnight	1,910	1,939	1,973	2,011	2,091	2,172	2,255
Same Day	262	183	294	373	406	427	444
Business	399	394	412	441	464	485	507
Nonbusiness	1,773	1,728	1,856	1,943	2,033	2,113	2,192
Total Expenditures(\$000)	2,488,839	2,559,621	2,674,496	2,813,904	2,976,169	3,164,659	3,394,430
Overnight	2,370,351	2,474,146	2,614,591	2,772,102	2,937,305	3,124,551	3,352,227
Same Day	118,487	85,475	59,905	41,803	38,864	40,108	42,203
Business	613,773	635,824	686,309	756,987	795,184	822,824	862,219
Nonbusiness	1,875,066	1,923,797	1,988,186	2,056,917	2,180,985	2,341,835	2,532,212

### Total Overseas to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	6.0%	-2.3%	6.8%	5.1%	4.8%	4.0%	3.9%
Overnight	9.6%	1.5%	1.7%	1.9%	4.0%	3.9%	3.8%
Same Day	-14.6%	-30.3%	60.8%	26.9%	9.0%	5.0%	4.1%
Business	23.5%	-1.3%	4.5%	7.1%	5.2%	4.6%	4.5%
Nonbusiness	2.7%	-2.5%	7.4%	4.7%	4.7%	3.9%	3.7%
Total Expenditures	63.6%	2.8%	4.5%	5.2%	5.8%	6.3%	7.3%
Overnight	56.6%	4.4%	5.7%	6.0%	6.0%	6.4%	7.3%
Same Day	1371.8%	-27.9%	-29.9%	-30.2%	-7.0%	3.2%	5.2%
Business	79.8%	3.6%	7.9%	10.3%	5.0%	3.5%	4.8%
Nonbusiness	58.9%	2.6%	3.3%	3.5%	6.0%	7.4%	8.1%

### Germany to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	143	129	133	136	138	141	144
Overnight	122	111	116	112	112	114	116
Same Day	21	18	17	24	26	27	28
Business	34	30	29	29	30	30	30
Nonbusiness	109	99	104	107	109	111	113
Total Expenditures(\$000)	134,546	125,123	145,890	166,498	180,522	190,212	197,343
Overnight	126,419	118,328	143,513	164,226	178,181	187,781	194,834
Same Day	8,127	6,795	2,377	2,271	2,341	2,430	2,509
Business	39,486	36,647	35,166	35,361	36,022	36,688	37,384
Nonbusiness	95,060	88,476	110,724	131,137	144,500	153,523	159,959

### Germany to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	1.9%	-10.0%	3.4%	2.0%	1.9%	1.8%	1.9%
Overnight	6.2%	-9.0%	4.5%	-3.8%	0.4%	1.5%	1.8%
Same Day	-17.9%	-15.9%	-3.9%	41.5%	8.7%	3.4%	2.3%
Business	17.0%	-11.0%	-3.3%	0.5%	1.1%	1.0%	1.1%
Nonbusiness	-2.1%	-9.6%	5.4%	2.4%	2.1%	2.1%	2.1%
Total Expenditures	32.1%	-7.0%	16.6%	14.1%	8.4%	5.4%	3.7%
Overnight	24.3%	-6.4%	21.3%	14.4%	8.5%	5.4%	3.8%
Same Day	5505.1%	-16.4%	-65.0%	-4.4%	3.1%	3.8%	3.2%
Business	34.6%	-7.2%	-4.0%	0.6%	1.9%	1.8%	1.9%
Nonbusiness	31.1%	-6.9%	25.1%	18.4%	10.2%	6.2%	4.2%

### France to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	123	126	134	138	145	147	149
Overnight	106	112	107	111	116	118	120
Same Day	18	14	27	27	29	29	30
Business	21	21	22	22	23	23	24
Nonbusiness	103	105	112	116	122	124	126
Total Expenditures(\$000)	113,351	120,314	144,471	150,814	160,514	167,808	174,357
Overnight	105,866	115,292	142,167	148,644	158,260	165,466	171,927
Same Day	7,485	5,022	2,304	2,170	2,254	2,342	2,430
Business	33,271	35,142	45,780	46,442	48,014	49,748	51,650
Nonbusiness	80,079	85,172	98,691	104,372	112,500	118,060	122,707

### France to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	4.7%	2.2%	6.4%	2.9%	4.8%	1.7%	1.7%
Overnight	4.6%	6.1%	-4.7%	3.5%	4.9%	1.7%	1.7%
Same Day	5.3%	-21.0%	95.2%	0.6%	4.3%	1.5%	1.6%
Business	28.9%	1.0%	3.6%	2.9%	2.1%	2.2%	2.4%
Nonbusiness	0.9%	2.5%	6.9%	2.9%	5.3%	1.6%	1.6%
Total Expenditures	82.6%	6.1%	20.1%	4.4%	6.4%	4.5%	3.9%
Overnight	70.8%	8.9%	23.3%	4.6%	6.5%	4.6%	3.9%
Same Day	9338.5%	-32.9%	-54.1%	-5.8%	3.9%	3.9%	3.7%
Business	75.0%	5.6%	30.3%	1.4%	3.4%	3.6%	3.8%
Nonbusiness	86.0%	6.4%	15.9%	5.8%	7.8%	4.9%	3.9%

### UK to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	454	414	447	461	482	491	502
Overnight	427	393	407	406	420	427	436
Same Day	27	21	41	56	62	64	65
Business	48	44	48	49	50	51	51
Nonbusiness	407	370	399	412	431	440	451
Total Expenditures(\$000)	564,112	530,694	512,912	525,943	567,059	589,767	620,024
Overnight	547,568	517,273	505,674	521,363	562,856	585,581	615,670
Same Day	16,544	13,421	7,238	4,580	4,203	4,187	4,355
Business	81,237	77,230	68,073	55,864	55,098	54,805	55,914
Nonbusiness	482,875	453,464	444,839	470,079	511,961	534,962	564,110

### UK to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	6.0%	-7.4%	6.7%	3.0%	4.4%	2.0%	2.2%
Overnight	11.8%	-8.1%	3.9%	-0.4%	3.5%	1.8%	2.2%
Same Day	-42.0%	4.6%	46.4%	36.4%	10.6%	3.3%	2.5%
Business	9.5%	-7.2%	9.5%	2.5%	1.5%	0.8%	0.7%
Nonbusiness	5.6%	-7.4%	6.4%	3.0%	4.7%	2.1%	2.4%
Total Expenditures	67.0%	-5.2%	-0.9%	6.9%	7.3%	3.7%	4.8%
Overnight	62.4%	-5.5%	1.0%	7.5%	7.4%	3.8%	4.8%
Same Day	2877.1%	5.7%	-57.4%	-34.0%	-8.4%	-0.6%	3.7%
Business	79.6%	-4.5%	8.5%	13.9%	-0.8%	-0.3%	1.2%
Nonbusiness	65.1%	-5.3%	-2.5%	5.5%	8.9%	4.5%	5.4%

### Japan to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	195	191	199	215	226	236	242
Overnight	164	167	157	169	178	186	191
Same Day	32	23	43	46	47	49	51
Business	29	28	36	49	54	57	60
Nonbusiness	166	163	163	166	171	178	182
Total Expenditures(\$000)	217,696	227,330	189,130	235,404	253,845	270,418	278,688
Overnight	204,320	216,434	176,857	223,489	241,529	257,306	265,251
Same Day	13,376	10,896	12,273	11,915	12,317	13,112	13,437
Business	46,691	48,466	53,727	87,867	93,601	97,392	100,982
Nonbusiness	171,005	178,864	135,403	147,537	160,244	173,026	177,706

### Japan to Ontario

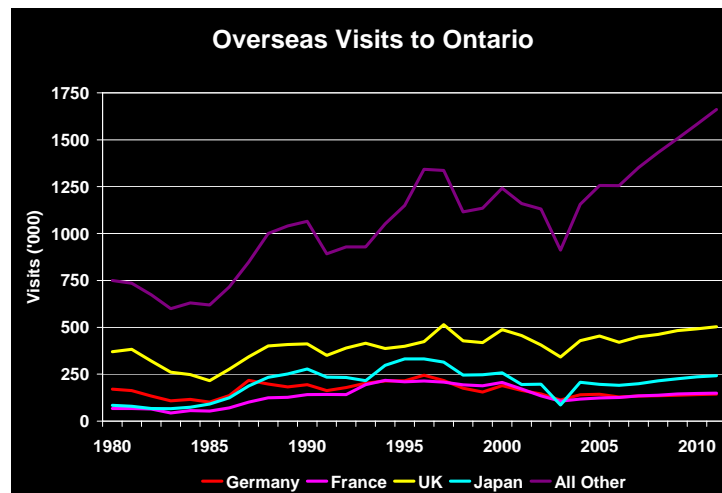
	2005	2006	2007	2008	2009	2010	2011
Total Visits	-5.6%	-2.3%	4.4%	7.8%	5.2%	4.4%	2.5%
Overnight	-6.5%	2.2%	-6.5%	8.1%	5.4%	4.4%	2.6%
Same Day	-0.4%	-25.8%	81.7%	6.8%	4.2%	4.1%	2.3%
Business	-12.7%	-4.4%	29.9%	35.3%	11.9%	5.5%	3.9%
Nonbusiness	-4.2%	-2.0%	0.0%	1.7%	3.2%	4.0%	2.1%
Total Expenditures	51.6%	4.4%	-16.8%	24.5%	7.8%	6.5%	3.1%
Overnight	46.2%	5.9%	-18.3%	26.4%	8.1%	6.5%	3.1%
Same Day	247.2%	-18.5%	12.6%	-2.9%	3.4%	6.5%	2.5%
Business	73.6%	3.8%	10.9%	63.5%	6.5%	4.0%	3.7%
Nonbusiness	46.5%	4.6%	-24.3%	9.0%	8.6%	8.0%	2.7%

### Other Overseas to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	1,256	1,256	1,352	1,433	1,506	1,583	1,661
Overnight	1,091	1,156	1,186	1,213	1,263	1,325	1,390
Same Day	165	100	166	220	242	258	271
Business	268	271	277	291	307	324	343
Nonbusiness	988	985	1,075	1,141	1,199	1,258	1,319
Total Expenditures(\$000)	1,459,134	1,552,092	1,664,872	1,694,573	1,773,443	1,905,731	2,083,300
Overnight	1,386,179	1,506,819	1,629,373	1,674,043	1,755,991	1,887,982	2,064,113
Same Day	72,956	45,274	35,499	20,531	17,452	17,749	19,187
Business	413,087	437,978	467,457	491,405	522,403	544,147	576,242
Nonbusiness	1,046,047	1,114,114	1,197,416	1,203,169	1,251,039	1,361,584	1,507,058

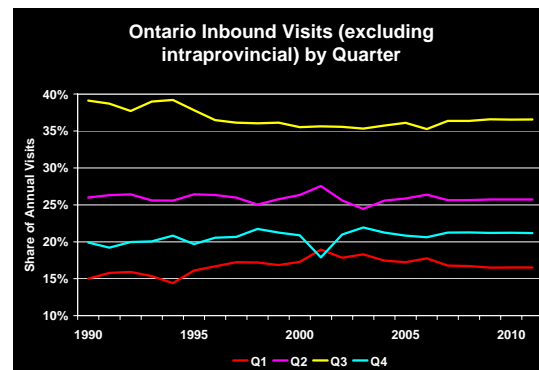
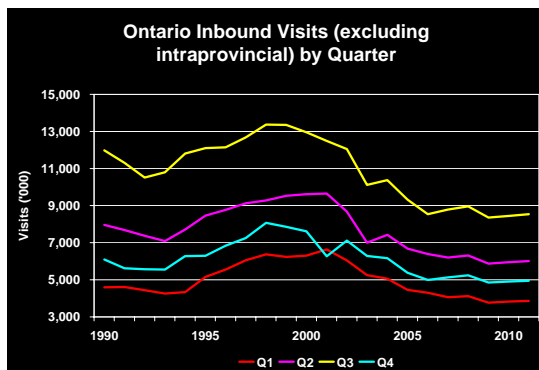
### Other Overseas to Ontario

	2005	2006	2007	2008	2009	2010	2011
Total Visits	8.7%	0.0%	7.6%	6.0%	5.1%	5.1%	5.0%
Overnight	12.6%	5.9%	2.6%	2.3%	4.2%	4.9%	4.9%
Same Day	-11.6%	-39.6%	66.5%	32.5%	10.2%	6.2%	5.2%
Business	33.0%	1.1%	2.0%	5.3%	5.4%	5.5%	5.7%
Nonbusiness	3.6%	-0.4%	9.2%	6.2%	5.0%	5.0%	4.8%
Total Expenditures	66.6%	6.4%	7.3%	1.8%	4.7%	7.5%	9.3%
Overnight	58.9%	8.7%	8.1%	2.7%	4.9%	7.5%	9.3%
Same Day	2034.2%	-37.9%	-21.6%	-42.2%	-15.0%	1.7%	8.1%
Business	87.0%	6.0%	6.7%	5.1%	6.3%	4.2%	5.9%
Nonbusiness	59.7%	6.5%	7.5%	0.5%	4.0%	8.8%	10.7%



## Ontario Inbound Visits by Season

Visits to Ontario (excluding intra-provincial travel by Ontario residents) are most frequent during the third quarter of the year, accounting for about 36% of the year's visits. This is followed by the second quarter, accounting for 26% of the year's visits, the fourth quarter (21%) and finally the first quarter with just 17% of the year's visits. The seasonal patterns have been fairly stable since the 1990s with evidence of a decline in the popularity of travel in the high season (third quarter). This decline is being offset by small gains in both the first and fourth quarters of the year. The impact of 9/11 can be seen by the drop in travel to Ontario during the fourth quarter of 2001. Travel to Ontario during 2003 fell in all four quarters – largely as a result of the SARS crisis – and has remained weak due, in part, to the strength of the Canadian dollar.



# Ontario Outbound Travel

## Outbound Travel Summary

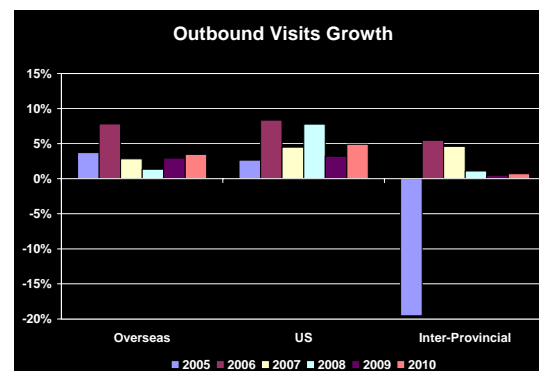
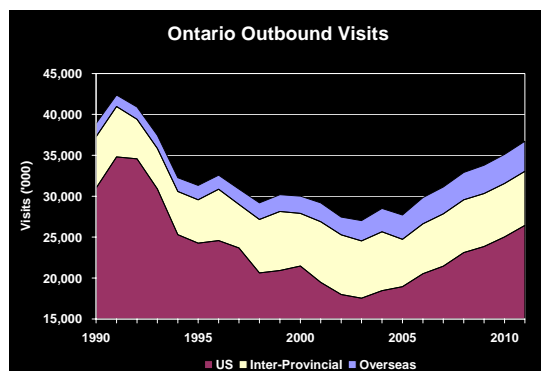
Ontario outbound visits rose 7.7% in 2006 after falling 2.8% in 2005. Outbound visits are expected to grow at an average 4.2% per year through 2011. Fuelled by the strong Canadian dollar and solid income growth, non-business visits growth will average 4.7% with overnight growing a little faster than same day trips. Business trips will grow at an average 1.5% per year supported by strong economic growth but restrained by improved telecommunications technologies that reduce the need for some business travel. Total outbound expenditures are expected to rise from \$14.8 billion in 2006 to \$20.6 billion in 2011, an average annual increase of 6.9%.

### Total Ontario Outbound

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	27,704	29,834	31,128	32,911	33,777	35,108	36,730
Overnight	14,296	15,051	15,749	16,642	17,360	18,064	18,765
Same Day	13,408	14,783	15,379	16,270	16,417	17,044	17,965
Business	4,467	4,786	4,877	4,946	5,021	5,088	5,152
Nonbusiness	23,238	25,047	26,252	27,965	28,757	30,020	31,578
Total Expenditures(\$'000)	13,684,051	14,768,706	16,078,207	17,322,979	18,385,090	19,456,407	20,612,902
Overnight	12,694,909	13,608,859	14,795,040	15,873,396	16,849,090	17,788,511	18,774,525
Same Day	989,141	1,159,848	1,283,167	1,449,584	1,536,000	1,667,896	1,838,377
Business	2,986,809	3,237,764	3,470,446	3,656,078	3,821,384	3,996,022	4,176,024
Nonbusiness	10,697,242	11,530,943	12,607,760	13,666,901	14,563,706	15,460,386	16,436,878

### Total Ontario Outbound

	2005	2006	2007	2008	2009	2010	2011
Total Visits	-2.8%	7.7%	4.3%	5.7%	2.6%	3.9%	4.6%
Overnight	-3.1%	5.3%	4.6%	5.7%	4.3%	4.1%	3.9%
Same Day	-2.6%	10.3%	4.0%	5.8%	0.9%	3.8%	5.4%
Business	-3.5%	7.2%	1.9%	1.4%	1.5%	1.3%	1.3%
Nonbusiness	-2.7%	7.8%	4.8%	6.5%	2.8%	4.4%	5.2%
Total Expenditures	1.7%	7.9%	8.9%	7.7%	6.1%	5.8%	5.9%
Overnight	1.8%	7.2%	8.7%	7.3%	6.1%	5.6%	5.5%
Same Day	0.0%	17.3%	10.6%	13.0%	6.0%	8.6%	10.2%
Business	0.3%	8.4%	7.2%	5.3%	4.5%	4.6%	4.5%
Nonbusiness	2.0%	7.8%	9.3%	8.4%	6.6%	6.2%	6.3%



## Inter-provincial Travel

The number of visitors from Ontario to other provinces is expected to grow from 6.1 million in 2006 to 6.6 million in 2011. Within this group, the number of business travellers is expected to grow more rapidly than non-business travellers, by about 1.9% versus 1.5% on a compounded annual basis. Total expenditures by travellers to other provinces are expected to grow at an average annual rate of 4.3% and will reach \$4.3 billion by 2011.

### Ontario to Other Provinces

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	5,787	6,104	6,385	6,454	6,486	6,530	6,601
Overnight	4,392	4,542	4,591	4,673	4,771	4,820	4,862
Same Day	1,395	1,562	1,794	1,781	1,714	1,710	1,739
Business	1,090	1,126	1,205	1,224	1,230	1,235	1,240
Nonbusiness	4,697	4,977	5,180	5,231	5,255	5,295	5,361
Total Exp. in Ontario (\$00C)	3,582,863	3,490,923	3,762,531	3,976,769	4,109,287	4,216,514	4,315,491
Overnight	3,426,635	3,294,991	3,532,201	3,739,727	3,870,205	3,970,925	4,064,737
Same Day	156,228	195,932	230,330	237,042	239,082	245,589	250,753
Business	1,269,727	1,350,237	1,469,734	1,546,453	1,580,753	1,613,147	1,644,334
Nonbusiness	2,313,136	2,140,686	2,292,797	2,430,315	2,528,534	2,603,367	2,671,156

### Ontario to Other Provinces

	2005	2006	2007	2008	2009	2010	2011
Total Visits	-19.5%	5.5%	4.6%	1.1%	0.5%	0.7%	1.1%
Overnight	-18.1%	3.4%	1.1%	1.8%	2.1%	1.0%	0.9%
Same Day	-23.7%	11.9%	14.9%	-0.7%	-3.8%	-0.2%	1.7%
Business	-21.5%	3.3%	7.0%	1.6%	0.6%	0.4%	0.4%
Nonbusiness	-19.1%	6.0%	4.1%	1.0%	0.5%	0.8%	1.2%
Total Expenditures (in Ontario)	-16.1%	-2.6%	7.8%	5.7%	3.3%	2.6%	2.3%
Overnight	-15.8%	-3.8%	7.2%	5.9%	3.5%	2.6%	2.4%
Same Day	-20.9%	25.4%	17.6%	2.9%	0.9%	2.7%	2.1%
Business	-16.8%	6.3%	8.9%	5.2%	2.2%	2.0%	1.9%
Nonbusiness	-15.7%	-7.5%	7.1%	6.0%	4.0%	3.0%	2.6%

## Outbound to the United States

The strong Canadian dollar and solid economic growth in Ontario will help the number of visitors from Ontario to the U.S. to reach 26.4 million by 2011 – a compounded annual growth rate of 5.2%. Expenditures by these same visitors are expected to reach \$9.9 billion by 2011. Non-business visits to the US are slowed by the implementation of the WHTI, but still grow more rapidly than business visits over the forecast period. The number of overnight visitors is expected to grow by 7.0% compounded annually compared to a slightly more modest 4.2% advance for same day visitors over the five-year period starting in 2006.

**Ontario to USA**

	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	18,942	20,522	21,445	23,113	23,850	25,017	26,443
Overnight	6,929	7,301	7,859	8,625	9,147	9,683	10,218
Same Day	12,013	13,222	13,585	14,488	14,703	15,333	16,225
Business	3,076	3,336	3,327	3,361	3,414	3,462	3,508
Nonbusiness	15,866	17,187	18,118	19,752	20,436	21,555	22,935
Total Expenditures(\$000)	5,603,344	6,250,098	6,714,538	7,362,936	8,066,756	8,910,690	9,899,985
Overnight	4,770,431	5,286,182	5,661,701	6,150,395	6,769,838	7,488,383	8,312,362
Same Day	832,913	963,916	1,052,837	1,212,542	1,296,918	1,422,307	1,587,624
Business	1,075,745	1,193,733	1,225,913	1,270,361	1,341,463	1,425,395	1,515,689
Nonbusiness	4,527,599	5,056,365	5,488,625	6,092,575	6,725,293	7,485,295	8,384,296

**Ontario to USA**

	2005	2006	2007	2008	2009	2010	2011
Total Visits	2.7%	8.3%	4.5%	7.8%	3.2%	4.9%	5.7%
Overnight	6.4%	5.4%	7.7%	9.7%	6.1%	5.9%	5.5%
Same Day	0.6%	10.1%	2.8%	6.6%	1.5%	4.3%	5.8%
Business	3.9%	8.4%	-0.3%	1.0%	1.6%	1.4%	1.3%
Nonbusiness	2.4%	8.3%	5.4%	9.0%	3.5%	5.5%	6.4%
Total Expenditures	11.0%	11.5%	7.4%	9.7%	9.6%	10.5%	11.1%
Overnight	12.1%	10.8%	7.1%	8.6%	10.1%	10.6%	11.0%
Same Day	5.2%	15.7%	9.2%	15.2%	7.0%	9.7%	11.6%
Business	14.7%	11.0%	2.7%	3.6%	5.6%	6.3%	6.3%
Nonbusiness	10.2%	11.7%	8.5%	11.0%	10.4%	11.3%	12.0%

**Outbound to Overseas Destinations**

The number of visitors from Ontario to all overseas destinations is expected to grow from 3.2 million in 2006 to 3.7 million in 2011 – a compounded annual rate of 2.8%. Total expenditures by this group are expected to reach \$6.4 billion by 2011. The number of business travellers from Ontario to all overseas destinations is expected to grow most rapidly, 4.5% a year, and their expenditures will reach \$1.0 billion by 2011 – a compounded annual rate of 7.9%.

**Ontario to Total Overseas**

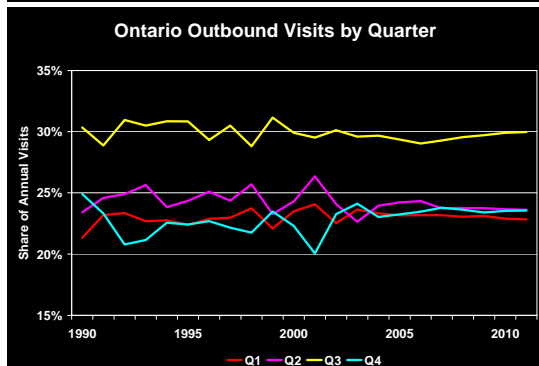
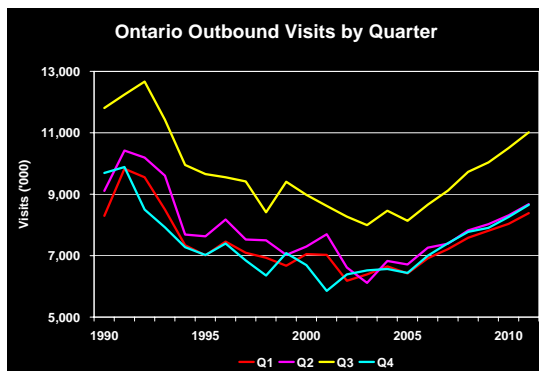
	2005	2006	2007	2008	2009	2010	2011
Total Visits('000)	2,976	3,208	3,299	3,343	3,442	3,561	3,686
Overnight	2,976	3,208	3,299	3,343	3,442	3,561	3,686
Sameday	0	0	0	0	0	0	0
Business	301	324	345	361	376	390	404
Nonbusiness	2,675	2,884	2,954	2,982	3,065	3,171	3,282
Total Expenditures(\$000)	4,497,844	5,027,686	5,601,138	5,983,274	6,209,047	6,329,203	6,397,426
Overnight	4,497,844	5,027,686	5,601,138	5,983,274	6,209,047	6,329,203	6,397,426
Sameday	0	0	0	0	0	0	0
Business	641,336	693,794	774,799	839,264	899,168	957,479	1,016,001
Nonbusiness	3,856,507	4,333,892	4,826,339	5,144,010	5,309,879	5,371,724	5,381,425

## Ontario to Total Overseas

	2005	2006	2007	2008	2009	2010	2011
Total Visits	3.7%	7.8%	2.8%	1.4%	2.9%	3.5%	3.5%
Overnight	3.7%	7.8%	2.8%	1.4%	2.9%	3.5%	3.5%
Same Day							
Business	8.0%	7.9%	6.3%	4.8%	4.1%	3.8%	3.5%
Nonbusiness	3.3%	7.8%	2.4%	1.0%	2.8%	3.4%	3.5%
Total Expenditures	8.5%	11.8%	11.4%	6.8%	3.8%	1.9%	1.1%
Overnight	8.5%	11.8%	11.4%	6.8%	3.8%	1.9%	1.1%
Same Day							
Business	24.8%	8.2%	11.7%	8.3%	7.1%	6.5%	6.1%
Nonbusiness	6.2%	12.4%	11.4%	6.6%	3.2%	1.2%	0.2%

## Ontario Outbound Visits by Season

Ontario residents are almost equally likely to travel outside the province in the first, second and fourth quarters of the year. Travel outside the province in the third quarter of the year leads other times of the year and accounts for about 30% of the year's visits. The seasonal patterns have been quite stable since the 1990s with evidence of a small decline in the popularity of travel in the second quarter being offset by gains in the fourth quarter. The impact of 9/11 is evident in the decline in outbound travel in the fourth quarter of that year which followed strong gains earlier in the year.



## Technical Notes

This outlook was undertaken using the Ontario Tourism Forecasting Model estimated during the second quarter of 2007. This model is a sequel to annual frequency models originally developed in 1993.

This forecast made use of Global Insight's data from national, provincial and U.S. regional, international, and tourism historical and forecast databases. Ontario tourism data, including tourism price data and weather data was obtained from the Ontario Ministry of Tourism. Statistics for travel within Canada are available through the fourth quarter of 2004. International travel statistics are available through the fourth quarter of 2005. Tourism price index data was available through the first quarter of 2007.