

# GM's Message to NPC Staff

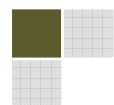
## Financial Update

Now that the first month of the new documentation requirements for the Canada/U.S. border is behind us I wanted to take this opportunity to update you on the NPC's financial position and the impacts of these measures. In my last message to you in March, I indicated the economic prospects for the 2009 season were not good. A combination of economic factors (i.e., the recession/escalating costs), as well as a continued decline in tourism generated revenues, required us to implement an expenditure control plan here at NPC. Having received input from a variety of sources including employees a number of initiatives were approved by the Commission. In short, it was the Commission's strategy to constrain spending wherever possible while at the same time trying to minimize the impact on our staff.

These decisions were tough ones to make but in the end they were required to ensure the NPC's overall competitive position and long term financial viability. I want to thank all of you for your understanding and for your efforts in assisting us in this cause. I can report that over the first seven months of our fiscal year these measures have resulted in an 8% improvement year-over-year until May 31<sup>st</sup>.

Unfortunately, the June 1<sup>st</sup> U.S. passport rule has hit Niagara and the Ontario Tourism Industry hard with general declines in visitation and revenues hovering around 20% or more throughout this Region and indeed the entire Province of Ontario. Of particular concern is the significant decline in visitation from our most lucrative visitors from the U.S. and International destinations. The *Globe and Mail* recently reported that U.S. day trips to Canada had declined by almost 70%. Travel advisories against Canada still exist in much of Europe and Asia. As well, a recent announcement was made stating all Mexican visitors will now require a visa to enter Canada. The Mexican traveler accounted for more than \$800,000 in business with us in 2008. This may be an insurmountable challenge for us this year.

Niagara Parks could not shelter itself from these overall declines taking place throughout the industry. In fact, the NPC's financial position mirrors that of the industry generally as the Commission recorded a decline in receipts over the month of June of more than 13%. It should be noted that while we are doing better than most of the tourism industry, our revenue shortfalls are compounded by the fact that expenses continue to climb. The negative results experienced in June have all but eradicated the financial gains which were achieved in the first seven months of this fiscal year.



## What Is Being Done?

We are continuing to work with the Government and others to help bolster visitation. The Ontario Government's approach this year is to promote "staycations" among Ontario residents. The Province has concentrated its marketing and television promotional efforts in this specific area as well as providing increased funding to local festivals and events throughout the Province by way of the Government's Celebrate Ontario program. The NPC's youDiscover music competition taking place at Oakes Garden Theatre throughout July and August is just one of the many events that the Government is supporting in an attempt to drive visitation and spend in Ontario communities.

Expanding tourism services such as the new Niagara GO train is another step. In the first two weeks of operation over 3,700 individuals took the GO train to Niagara. The NPC has joined forces with Niagara Falls Tourism and other partners to produce a 16 page Niagara Destination brochure which will be distributed to over 500,000 potential GO train travelers in an effort to encourage them to create their own overnight Niagara staycation. With this new marketing initiative we hope to build on the tremendous start that the GO train has experienced and drive further visitation to Niagara.

Despite these encouraging promotional steps we need to remain vigilant and continue to examine and control our expenditures. While July and August are considered our prime visitation and revenue generating months, it should be understood that the trends that we saw developing in June are continuing and will have a significant impact on our financial performance for 2009. We are monitoring our position daily and I have no doubt that additional measures will need to be taken this Fall. We will need to review and adjust expenditure levels in light of these continued decreases in revenues. As always I welcome your input and hope that you will share with me any ideas you may have that would aid us in our goal of expenditure control. There will be further discussions with the Unions and excluded staff as the season progresses.

In these difficult times I felt it was important to provide you with this update and you have my commitment that I will continue to keep you posted as we move through the season and into the Fall. Again, let me thank you for your understanding, efforts, and support as we look to respond to the ever changing circumstances impacting our industry. With your continued help the NPC will come out of this current economic and tourism downturn stronger and, as I said last March, poised to take advantage of the opportunities the future will present.

John Kernahan,  
General Manager

