



Tourism Day at Queen's Park 2018

Recommendations for the Government of Ontario

INTRODUCTION

Tourism matters in Ontario. Our industry represents \$34.1 billion in annual receipts, \$26.8 billion in visitor spending, and 4.3% of the provincial GDP. More than 144 million people visit Ontario every year, contributing more than \$5 billion annually in tax revenues for the provincial government. The tourism sector in Ontario accounts for 1 in every 20 jobs and is Canada's largest service export. The economic contribution of tourism is larger than agriculture, forestry and mining combined.

The tourism industry contributes to the province's economy and quality of life by creating jobs, promoting pride of place and celebrating the diverse communities across the province. Tourism is in every riding in Ontario. Tourism is a powerful economic driver and the largest employer of youth in the province, with 23% of our industry workforce aged 15-24.

Canada ranks as one of the world's top tourist destinations, and Ontario leads all provinces in tourist visits and expenditures: tourism benefits the economy. Every \$1 million spent by visitors in Ontario generates 13 new jobs and \$604,800 in wages and salaries. In 2016 tourism receipts represented \$11.8 billion in government tax revenue, \$5.1 billion of which was contributed directly to the Government of Ontario.

Tourism is a growth market, projected to generate more than \$31 billion in visitor spending in Ontario in 2019. However, our industry is facing a 'tourism gap' conundrum, in which there is a difference between potential and actual visitation growth. According to the Ontario Chamber of Commerce (OCC), "Ontario has not been able to attract visitors at the same pace as tourist visitation has increased globally." Citing that "while tourism is an important contributor to the province's economy, the data suggest that Ontario has missed an opportunity to capitalize on growing global tourism demand to drive even greater economic growth."

Without positive policymaking, increased investment and a reliable labour pool, Ontario's tourism industry cannot be positioned for success. Therefore, Tourism Industry Association of Ontario (TIAO) has developed recommendations for how the Government of Ontario can support the tourism industry in increasing its economic contributions for the province. These recommendations are focused around three important themes: **People, Product and Promotion**.

About TIAO

TIAO is recognized as the umbrella advocacy organization for leading associations, destination marketing organizations, regional tourism organizations, educators and businesses serving Ontario's diverse tourism industry. Collectively representing 188,000 businesses and 391,000 employees, TIAO provides a strong and unified voice for the sector and is committed contributing to evidenced-based policy and providing strategic insight on how to create favourable public policy that allows the tourism industry to flourish.

PEOPLE

People are the backbone of the tourism industry. They run our businesses and staff the front lines and are also guests and visitors themselves. Through positive, strategic investments in the people of Ontario, the government of Ontario can grow the economy and increase employee productivity.

The tourism sector is composed of five related industry groups: accommodation; food and beverage services; recreation and entertainment; transportation; and travel services. The four occupations with largest number of tourism workers are all associated with food and beverage: food counter attendants and kitchen helpers; food and beverage servers; cooks; restaurant and food service managers.

However, tourism employment doesn't only refer to front-line jobs; HR managers, conference and event planners, flight engineers and outdoor recreation guides represent other examples of tourism positions—reflecting the diversity of our industry's workforce. Despite this diversity, Ontario's tourism sector is facing major shortages in both the labour and skills markets.

Skills Development & Labour Gap

A stable labour supply is a vital component of the growing tourism industry in Ontario. Through to 2035, a potential 91,236 tourism jobs in Ontario will go unfilled¹ due to a lack of workforce supply. With Ontario predicted to bear the greatest brunt of the labour gap in Canada, the tourism industry must act now to ensure stability and growth for the future.

Asks:

- Maintain the practice of partnering with private sector organizations to attract anchor investments for tourism. This could be done through a dedicated stream for tourism and hospitality.
- Streamline Employment Ontario Services to create a more user-friendly online experience that allow employers and job-seekers to connect with ease. Implement a funding model that rewards partners and service providers based on successful job placements.
- Make it easier for tourism businesses to access employment-related funding programs by increasing the promotion and awareness of employment funding programs.

Promoting Careers in Tourism

TIAO acknowledges that the promotion of tourism and hospitality related careers is an integral mission for our association in the coming year. To achieve its goals in addressing the labour gap and cultivating an informed, competent workforce for future generations, the tourism industry requires assistance from the Government of Ontario.

¹ Tourism HR Canada (2015)

Asks:

- Implement service excellence training as a mandatory part of the Grade 10 Career Credit.
- Include tourism in the career Kick-Start Strategy.
- Increase funding for tourism education and training at the university and college level through tourism-specific grants.
- Maintain support of TIAO's Careers in Tourism Awareness Campaign, aimed at raising the profile of Ontario's tourism industry for future employees.
- Work with employers and educators to confirm available training programs correspond with tourism labour market supply and demand, including the distinct needs of rural areas and urban centres.
 - A. At the high school and community levels, actively engage the business community in skills training development to ensure young people are educated in response to business needs.
 - B. At the college and university levels, partner with the business community to provide insight for curriculum development, skills competitions and workplace learning opportunities.

Employment Standards & Labour Relations

Like any other industry, the tourism and hospitality sector wants safe, reliable working environments for employees. Our workers are the front line when interacting with guests, and they provide important information in addition to unforgettable experiences for visitors. The tourism industry does not deny the benefit of increased wages. However, we request that Government of Ontario continue to factor in impact of the speed of the implementation schedule for raising the minimum wage to ensure that future increases will not be detrimental to our businesses as payroll envelopes are only so large. We would like to extend our support for the recent passing of Bill 47, Making Ontario Open for Business Act, 2018.

Asks:

- Do not alter minimum wage differentials for students under 18.
- Continue to conduct comprehensive economic impact assessments prior to implementing any legislative changes in the *Employment Standards Act*

- A. Measure the economic thresholds for Small and Medium Size Tourism Enterprises and ensure that any changes to the *Employment Standards Act* does not create an unjust environment for these businesses.
- B. Provide economic offset measures to Small and Medium Size Tourism Enterprises during times of legislative change to minimum wage rates.

International Trade & Immigration

TIAO recognizes that newcomers to Canada are an important cornerstone of our national identity, collective culture and diverse workforce. Tourism, with a multitude of potential jobs under its umbrella, is an attractive employment option for new residents of Ontario. In fact, more than 30 % of tourism employees in the province identify as immigrants².

However, there is a current challenge in encouraging newcomers to settle in areas where jobs require filling.

Asks:

- Align immigration priorities with local employment issues – encourage international students to explore education and employment options both within and beyond the Greater Toronto Hamilton Area.
- Ensure affordable housing solutions exist for foreign tourism employees working in Ontario, particularly in rural and northern regions. This could be accomplished by providing funding and other resources to create an affordable housing taskforce in Ontario.
- Help fill the skills gap by reforming the foreign credential recognition process to help qualified immigrants come to Ontario and contribute to the economy to their fullest potential immediately.

² Tourism HR Canada via Statistics Canada, National Household Survey Customized Tabulation (2011)

Product

Transportation

TIAO recognizes that the ability for people to access different destinations in a variety of ways is integral to tourism success. An abundance of efficient and affordable transportation systems is essential to competitive tourism growth in Ontario.

Asks:

- Implement two-way, daily GO train or bus service from the Greater Toronto Hamilton Area and Toronto Pearson Airport to surrounding municipalities.
- Expand off-peak and weekend GO service in rural areas i.e. year-round trips to Niagara Falls and off-peak weekday service to Barrie.
- Support the development of a “Union West” transportation hub at Toronto Pearson International Airport.
- Support the Southern Ontario Airport Network to mitigate future aviation demand.
- Support the development of high-speed rail in Ontario through the creation of transportation grants and the support of public private partnerships.
- Continue development of transportation infrastructure in rural and northern Ontario, including updates to rest stops; identifying areas for additional passing lanes and/or four-laning; improved signage and wayfinding; reviewing potential security upgrades for new international airline services to remote locations; and providing support for Great Lakes Tourism.
- Review and amend the rising costs for Tourism Oriented Directional Signs (TODS).
- Remove surcharge for aviation fuel on all international flights to Ontario.
- Review and amend the Gasoline Tax Rebate Program in order to be more inclusive of the rate of consumption in communities in Northern Ontario.
- Amend Highway Traffic Act Section 12 (i) D; E; F to prevent further ticketing of scrupulous individuals trailering boats and other recreational equipment in Ontario.

- Implement sustainable tourism transportation practices by increasing access to alternative methods of transportation for guests and residents, including cycling, train travel, and the continued commitment to bus services across Ontario.

Tourism Investment Strategy

Both foreign and domestic investment are vital to tourism growth, and active strategies to attract potential tourism investors cannot be understated. In Ontario's Tourism Investment Strategy and Implementation Plan, a goal was set to double tourism receipts by the year 2020, reaching a total of \$44 billion³. According to data from the OCC regarding tourism receipts, Ontario is not keeping pace with this goal.

Asks:

- Establish analysis of the Cost-Of-Doing-Business (CODB) in Ontario to identify and track impacts of newly implemented policies or proposed changes on the business community and its regulatory expenses.
- Increase funding for winter tourism activities by investing in funding for development of infrastructure and increased promotional opportunities.

Sharing Economy

TIAO recognizes that the ways in which people purchase and experience travel are constantly evolving, and Ontario's tourism industry must also evolve to stay competitive. Future tourism policy should take sharing economy innovations into account, and ensure a level playing field for tourism businesses and accommodation providers.

Asks

- Review rules and regulations that would level the playing field for traditional accommodation providers.
- Require Airbnb and similar home-sharing platforms to collect HST on service fees.

³ Ontario's Tourism Investment Strategy and Implementation Plan (2011)

Infrastructure

TIAO recognizes that comprehensive and modernized infrastructure across the province is necessary to drive economic development. Roads, bridges, power, electricity, internet—these services are imperative to economic growth and social well-being, particularly with regards to attracting business investment in rural and Northern Ontario. However, many areas in the province that are essential to tourism lack adequate levels of these basic services, particularly northern and rural regions across the province. If gaps in connectivity and other services remain in these areas, they will cease to be able to market themselves as attractive tourist destinations.

Asks:

- Support development of a broadband investment strategy for Ontario and adopt a benchmarking system for internet speeds to ensure investment and business needs for connectivity are in alignment.
- Consider moving forward implementation dates for the Southwest Integrated Fibre Technology (SWIFT) project to benefit rural businesses.
- Ensure changes to energy costs under Ontario's Long-Term Energy Plan are affordable, predictable and transparent; this will allow for tourism businesses to achieve budget security during financial planning cycles.
- Commit to implementing the above recommendations by 2020.

Promotion

TIAO recognizes the crucial relationship between promotion and the continued success Ontario's tourism industry: our stellar tourism offerings will count for nothing if not properly promoted. The capacity for provincial marketing organizations to effectively showcase their respective locations and product offerings to the world must be maintained to ensure Ontario's tourism competitiveness. This includes access to capital on a rolling schedule and allowing for alignment of marketing objectives where applicable.

Long-Term Sustainable Funding

TIAO is committed to working with the provincial government to create a regulatory environment that allows the province's 13 Regional Tourism Organizations (RTOs) to effectively market the various regions of Ontario. To continue their marketing efforts, it is key that long-term sustainable funding be established.

Asks:

- Provide 3-year rolling funding for Destination Ontario.
- Restore annual funding of \$40 million for Ontario's Regional Tourism Organizations (RTOs), and implement a rolling 3-year provincial accelerator, similar to the mechanism used for Municipal Accommodation Tax – a 10-year average of the annual growth rate of Ontario tourism receipts.
- Maintain investment in programs such as Celebrate Ontario and the Tourism Development Fund, in addition to the province's tourism agencies and attractions, and increase investment levels each year as tourism receipts grow.
- Commit to funding further development of Indigenous tourism in the province by providing \$2 million in annual funding support for Indigenous Tourism Ontario.

Looking Forward

TIAO is committed to working with key government and tourism stakeholders to facilitate the development of an Ontario Tourism Strategy. Tourism is a major economic driver for our province. In 2017, international tourist arrivals reached the highest increase (7%) since 2009. While Ontario has seen recent growth in tourism receipts and visits, there is a definite opportunity for the province to capture a larger share of international tourism markets. To reach new heights in economic development, the 2019 Tourism Strategy for Ontario should focus on the following key areas:

- Ontario as a leading economic driver
- A solution-focused and consumer-focused lens
- Clearly defined roles for government and industry
- Aligning with other government initiatives
- Taking specific actions to address stakeholder feedback and concerns
- Reducing barriers to growth and investment, regulatory burdens
- Strengthening partnerships and sharing best practices
- Targets for growth and job creation
- Regionally specific strategies to address industry workforce housing

Closing Thoughts

TIAO is excited to continue fostering a productive relationship between government and industry in Ontario to create a regulatory environment that allows the tourism sector to continue to function as an economic driver and job creator. Investing in people, product and promotion is an easy equation for maximizing the economic impact of Ontario's tourism industry.

Ontario's tourism industry simply cannot thrive without collaboration and partnership between government and the business community. Through open communication, dedication to conflict resolution and commitment to cultivating the province as a premier travel destination, we can exceed projected growth numbers, and realize a greater economic contribution to Ontario through tourism.