

THE STATE OF THE ONTARIO TOURISM INDUSTRY REPORT

EXECUTIVE SUMMARY

Tourism report shines light on need for a comprehensive provincial strategy

Purpose

Ontario's tourism industry was one of the hardest-hit—and it will be one of the last to fully recover and rebuild from the COVID-19 pandemic. Border closures, capacity restrictions and lockdowns exacerbated structural issues that have left the industry far from recovery. In need of a path forward, the Tourism Industry Association of Ontario (TIAO) and Ontario Chamber of Commerce (OCC) worked closely with the sector over the last year to inform and develop: The State of the Ontario Tourism Industry Report. The brief offers a blueprint for the recovery and growth of the industry through practical recommendations to confront both immediate and longer-term challenges.

Key Findings:

Core issues include labour shortages, regulatory burdens, infrastructure deficits and regional disparities.

- The tourism faces ongoing workforce challenges and a multi-faceted labour crisis.
- Travel and tourism often incur more arbitrary taxes and add-on fees than many other sectors.
- There remain under-explored markets that can attract more international visitors and highly skilled workers to the tourism industry in Ontario.
- Gaps in public transportation need to be addressed within and between Ontario destinations. These gaps limit mobility, opportunities for multi-destination travel, and the recruitment and retention of workers.
- Some areas of Ontario remain unserved or underserved in broadband access, placing rural and Indigenous tourism economies at a disadvantage.
- Business travel is slow to return to the meetings and convention sector, but most consumers are unaware of the range of Ontario destinations outside of urban centres that offer meeting and convention options.
- Limited availability of affordable housing impacts workforce recruitment, retention, and dispersion to rural tourism economies.
- Current and future disruptions to the reliable flow of international visitors—e.g., climate change events, global pandemics, global conflicts—highlight the importance of building sustainable domestic visitor markets.
- Sustainable tourism is a growing preference among travelers.

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Key Recommendations

Recognizing there are both public and private initiatives underway, major takeaways from the report include:

- Workforce development initiatives should focus on communicating the business case for careers in the tourism industry, reforming immigration to retain and attract international talent, and optimizing work placement opportunities for post-secondary students.
- Eliminating barriers to growth should involve revisiting taxes for the industry. For example, elimination/deferral of the annual basic beer tax increase, federal excise taxes and revisiting Municipal Accommodation Taxes.
- Emerging markets should be explored, including intercultural exchanges with Indigenous and Francophone tourism sectors, as well as cannabis tourism and agritourism.
- Gaps in public transportation need to be addressed within and between Ontario destinations.
- Access to reliable, high-speed broadband is critical to participating in an increasingly digital economy.
- A provincial strategy should place special emphasis on alleviating regional and sector disparities. Northern Ontario, as well as border cities and the business, events and conference sector, lag significantly behind pre-pandemic levels.

Conclusion

Ontario should be the most attractive place to visit, work and invest in tourism. Prior to the pandemic, the tourism industry was a \$36 billion dollar industry in this province. A vital sector for the economy, we need a cross-ministerial strategy to ensure tourism returns to and exceeds pre-pandemic economic activity to support sustained economic growth.

In 2018, Ontario was home to 200,000 tourism businesses. The sector directly employed 400,000 Ontarians across a range of sub-sectors, including culture and heritage, recreation, entertainment, food and beverage, attractions, transportation, accommodations, and travel services. The sector contributed over \$5 billion in annual tax revenues for the province and benefits numerous adjacent industries.

TIAO and OCC appreciate the input from the hundred tourism industry operators, experts, associations, chambers of commerce and boards of trade, and education leaders across the province that provided their insights into the challenges and opportunities facing the industry for the report.

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We thank the Minister of Tourism, Culture and Sport, Neil Lumsden, and Minister of Labour, Immigration, Training and Skills Development, Monte McNaughton, who participated in a series of roundtables hosted by TIAO and OCC.

The recommendations of the State of the Ontario Tourism Industry Report underpin both organizations' advocacy efforts as they work to rebuild and grow Ontario's tourism industry to ensure that it remains a world class tourism destination.

*The full State of the Ontario Tourism Industry Report will be released in late 2022.