

**Submission to: Ontario Tourism Competitiveness
Study, Ministry of Tourism**

**Submitted by: Ontario Accommodation Association
(OAA)**

Date: September 5, 2008

Brief Prepared by: Bruce M. Gravel, B. Ed., C.A.E., President
with input from the OAA Board of Directors and
membership-at-large

Brief Reviewed and
Accepted by: OAA Board of Directors

EXECUTIVE SUMMARY

1. THE MARKET: What are our best prospects?

- (A) *Continue to Market to Ontarians.* The vast majority (80%) of Ontario tourists are Ontarians vacationing in their own province. Consequently, a continuing priority of OTMPC must be to focus on domestic marketing to Ontario residents.
- (B) *Increase Marketing to Rest of Canada.* It is our third-largest source of tourists, after the U.S.A., but with no border-crossing hassles.
- (C) *Focus More on Average Tourists.* OTMPC currently focuses on “high end” tourists. This focus ignores the bulk of tourists, and the accommodations that serve them, which are value-conscious average citizens and their families.
- (D) *Help Obtain ADS with China.* The Ontario government must urgently action the Prime Minister and the relevant Federal Minister(s) to obtain an Approved Destination Status (ADS) designation for Canada with China, to allow us to market to their outbound group leisure market.

2. THE PRODUCT: How can we provide the experiences tourists want?

- (A) *Government-backed Tourism Loans.* In order for government to attract more private sector investment in tourism, and to enable existing tourism products to be renovated and expanded, government must re-introduce a system of government-backed tourism loans. **This is absolutely essential for our industry to grow and regain its competitiveness with other provinces and countries.**
- (B) *Tax Incentives.* The Ontario government should establish tax incentives to encourage private sector investment in tourism product.
- (C) *Tax Increment Financing.* Tax increment financing uses the downstream tax revenues associated with a tourism development project to reduce the private sector developer/operators’ costs of land assembly, infrastructure development, and building construction.
- (D) *Weather-proof Attractions.* Ontario needs more attractions that are “weather proof”; that can operate no matter what the weather throughout the year.
- (E) *Renovate Provincial Attractions.* Many attractions and historical sites owned by the Ontario government are in need of renovation and upgrade.

- (F) ***Launch a Public-Private Strategy to Invest in New Products.*** Recent studies have shown that many foreign tourists, especially our American neighbours, have a “been there, done that” attitude when they think of Ontario.
- (G) ***Attractions Admission Good for Two Days.*** Admission to all provincially-owned attractions should be good for **two** days. This definitely encourages tourists to stay an extra night, resulting in a boost in overnight accommodation in proximity to the attraction.
- (H) ***Invest More in Tourism Infrastructure.*** Rail link from Pearson Airport to downtown Toronto. More bicycle lanes. Improved roads. More rest stops on highways. Speed up Highway 407 extension to Highway 115.

3. THE STORY: How do we market Ontario?

- (A) ***Licence Plates Promoting Tourism.*** Ontario licence plates should be completely changed to have a colourful Ontario scene, and to have the Ministry’s tourism website. Cars then become “rolling billboards” to promote Ontario tourism.
- (B) ***OTMPC More Accountable to Industry.*** The Ontario Tourism Marketing Partnership Corporation (OTMPC) must become more accountable to the **tourism industry** it serves, in its marketing efforts. It must be **industry driven**. Current ad campaigns are ineffective, failing to “ask for the sale”.
- (C) ***Don’t Ignore SMEs.*** OTMPC’s criteria of dollar-for-dollar matching funding for its advertising campaigns effectively eliminates the small to medium-sized enterprises (SMEs) of tourism operators, which make up the overwhelming majority of Ontario’s tourism industry.
- (D) ***Annual Magazine Not Effective.*** In 2008, OTMPC scaled back its former *Ontario Travel Discoveries* magazine (published three times yearly) to a single annual *My Ontario* magazine. A magazine that now appears only once a year is ineffective for our industry.
- (E) ***Launch Monthly or Bi-monthly Magazine.*** This magazine should be 24-32 pages in size. It would be funded by advertising. Every month (or every two months) recipients would receive a colourful reminder of the many reasons to travel in Ontario.
- (F) ***Launch Monthly E-Magazine.*** OTMPC should launch a monthly e-magazine, which would be sent to all those tourists who have emailed OTMPC for information over the past five years.
- (G) ***Maintain OTICs & Call Centre.*** The front line staff at the Ontario Travel Information Centres (OTIC) and the 1-800-Ontario call centre are wonderful tourism ambassadors. Under no circumstances should the OTICs and the call centre be downsized or eliminated. OTIC distribution of directories and brochures must continue to be provided free of charge. Our industry’s regional and sectoral associations should be invited to the OTIC annual conference each year to provide an overview of the tourism operations under their umbrella.

- (H) ***Stop Emphasizing Toronto, Niagara Falls and Ottawa.*** Tourists will not venture out of these “gateway” cities if they are unaware of what else Ontario has to offer. More marketing of the rest of Ontario is essential.
- (I) ***Increase Tourism Marketing Budget.*** Ontario is being outspent by other provinces and comparable U.S. states.

4. THE PEOPLE: How can we ensure a well-trained workforce?

- (A) ***Sustained Funding of OTEC.*** The government should provide sustained long-term funding to our industry’s official non-profit training organization: OTEC (Ontario Tourism Education Corporation). OTEC provides much-needed training to existing employees and employers in our industry, who wish to, or have to, upgrade their skills.
- (B) ***Support of OTEC Helps Resolve Labour Shortages.*** Sustained long-term government support of OTEC will also help our tourism industry deal with its labour shortages. OTEC conducts career awareness efforts in high schools and has a “Ready to Work” immigrant-readiness program. OTEC is now also assisting our industry through its Temporary Foreign Worker Program.
- (C) ***Make Employment Insurance Harder to Get. Keep Lid on Minimum Wage Increases.*** Tourism wages cannot compete with EI handouts. Constant minimum wage increases pushes business costs, and prices, ever upwards.
- (D) ***Reduce Corporate Taxes for Employers who Train.*** Employers who spend the money to train employees should have a reduction in their corporate taxes. This would encourage more training, resulting in better service to guests.

5. THE TOOLS: What are the appropriate roles for government?

- (A) ***Reduce & Eliminate Regulations.*** Tourism operators are drowning in a sea of over-regulation. The government should fund a “Regulation Overseer” within the Ministry of Tourism: a senior bureaucrat whose job would be to identify all existing regulations that impact tourism operators, and then, in conjunction with the Minister and with input from the industry, actively work to streamline or eliminate as many regulations as possible. This person would also monitor new regulations from other ministries, and take similar actions.
- (B) ***Reduce Education Taxes on Commercial Businesses.*** The government should drastically reduce the education tax burden on commercial operations, especially small to medium-sized businesses, and redirect such taxes to the residential tax sector.
- (C) ***Restore Hardcap on Commercial Property Taxes.*** Property taxes are a significant and crushing burden on large hotels in urban centres, and all other types of small to medium-sized tourism operations

throughout Ontario. A property tax “hardcap” should be reinstated, which will force

municipalities to increase residential property taxes until they are closer to commercial and industrial property taxes.

- (D) ***MTOUR Must Broaden its Focus.*** Our tourism industry has many other needs that are not marketing-related, such as: infrastructure, product development, provincial attractions. The government should provide the Ministry of Tourism with the additional resources needed so the Ministry can help our industry by focusing on these other areas, in addition to its continuing work with marketing.
- (E) ***Encourage Enhanced Drivers Licences in U.S. Border States.*** Encourage and facilitate those states’ development of enhanced drivers licences, similar to the one Ontario recently announced. This passport alternative will greatly encourage cross-border travel.
- (F) ***Consider Tourism as Tier Two Industry.*** Government, starting with the Premier, must recognize the vital economic importance of tourism to Ontario’s economy, so that our industry is firmly placed within “Tier Two”. In provinces, states and countries where tourism is booming, **in every case this is because of sustained government support and recognition of tourism as a major economic driver.**
- (G) ***Repair TODS Signage Program.*** Our existing TODS (Tourist-Oriented Directional Signage) program is not as effective as it could be.
- (H) ***Facilitate Wireless High Speed Internet Access throughout Northern and Rural Ontario.*** Northern and rural tourism operators with slow dial-up Internet service cannot compete with the rest of Ontario, as travellers’ use of the Internet continues to grow.
- (I) ***MOE Should Be an Assistive Partner.*** The Ministry of the Environment is an adversarial body to rural tourism businesses, which stops many renovation and expansion plans.
- (J) ***Modify School Year and Make School Holidays Coincide.*** Make the school day 30 minutes longer, then the summer holiday could be extended from 10 weeks to 12 weeks, a 20% increase to the summer tourism season. School holidays of different school boards coinciding with each other and with calendar weeks would encourage more family vacations.
- (K) ***Restore Ministry of Tourism Consultants in Northern Ontario.*** Unlike in Southern Ontario, there are no dedicated tourism consultants in Northern Ontario under the Ministry of Tourism. Government consultants responsible for tourism are buried within the Ministry of Northern Development & Mines (MNDM), with a workload that includes a host of non-tourism duties. This adversely affects new tourism investment in the north, and ease of access by, and assistance to, existing northern tourism operators.

6. **THE INDUSTRY: How can the industry work together to achieve success?**

- (A) ***One Provincial Advocacy Organization.*** In all other provinces, there is only **one** provincial advocacy organization representing the tourism industry in that province. In Ontario, we have two: the Tourism

Industry Association of Ontario (TIAO) and the Ontario Tourism Council (OTC). This adds to our province's fragmented industry. OTC should immediately merge with

TIAO. TIAO is our official provincial advocacy organization, with a mandate to be a “**strong voice for the tourism industry in Ontario**”.

- (B) ***Sustained Funding of TIAO.*** Government needs a single clear voice to represent tourism, for timely feedback on proposed legislation and regulations, and to assist government in reacting quickly to tourism challenges and changes. **TIAO provides a valuable service to government.** So it is in government's best interest to provide TIAO with long-term funding. TIAO's common voice will help our tourism industry be competitive.
- (C) ***Stronger Industry Voice.*** TIAO should organize and host a large **annual** Tourism Day at Queen's Park, involving meetings with MPPs and the Premier and a wide cross-section of industry operators and their associations. Development of a grassroots Action Kit with templates and statistics, so individual operators can action local MPPs and MPs.
- (D) ***Eliminate Government Meddling with Industry Associations.*** Government must stop helping to establish smaller “splinter” associations, which only serves to further fragment Ontario's tourism industry. If the industry cannot or will not fund its existing sectoral associations (eg: operational funding), then they deservedly cease operations, or merge with another association.