



**Rural Ontario Municipal Association (ROMA)  
Conference**

**January 22 – 24, 2023**

Ontario Ministry Agriculture, Food and Rural Affairs (OMAFRA) .....	3
Ministry of Economic Development, Job Creation and Trade (MEDJCT) .....	6
Ministry of Education (EDU) .....	9
Ministry of Francophone Affairs (MFA) .....	12
Ministry of Indigenous Affairs (IAO) .....	15
Ministry of Infrastructure (MOI) .....	18
Ministry of Labour, Immigration, Training and Skills Development (MLITSD) .....	21
Ministry of Municipal Affairs and Housing (MMAH) .....	25
Ministry of Natural Resources and Forestry (MNRF) .....	28
Ministry of Northern Development (MND) .....	31
Ministry of Tourism, Culture and Sport (MTCS) .....	34
Ministry of Transportation (MTO) .....	37
Treasury Board Secretariat (TBS) .....	40
Appendix A – Ontario’s Tourism Industry and the Affordable Housing Crisis .....	43
Appendix B – Backgrounder: Issues Identified around the Current MAT Framework as it relates to MAT Implementation in Smaller Municipalities .....	44
Appendix C – TIAO’s Tourism Workforce Strategy .....	54

## Ontario Ministry Agriculture, Food and Rural Affairs (OMAFRA)

### ROMA 2023

We thank the Government of Ontario for their ongoing support of the tourism industry. Rebuilding businesses and regaining good jobs is the focus of every sector and region of the tourism industry. But to enable our industry to overcome barriers and fully leverage the opportunities to rebuild and prosper—now and for the future—we require the support of all provincial ministries.

We thank the Ministry of Agriculture, Food and Rural Affairs for recent investments in the delivery of high-speed internet and for strategic planning to strengthen the agri-food sector, shoring up the reliability of our food supply. Building upon these measures, we are looking to the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) to confer on strategies to support tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Sustain and roll-out investments in the delivery of rural and Northern broadband.** Access to reliable high-speed broadband is critical to the capacity for tourism businesses to operate, grow, and meet rising visitor demand. It is also important to ensuring that the visitor experience aligns with consumer expectation for broadband access. In underserved areas, this is especially important given the growing demand for visitor experiences in rural and Indigenous destinations. According to the CRTC, 98.6% of Canadians living in urban communities have access to high-speed internet. In rural regions, this number is 45.6%, and 34.8% of households on First Nations reserves. Sustained investment and timely delivery are necessary, especially for First Nations communities. As road infrastructure projects take place, a ‘Dig Once’ policy could facilitate easier, faster, and cheaper broadband installation. This policy involves placing empty conduits in the ground during road construction, enabling easier access in future to install fibre-optic cables.
- **Support for Indigenous food tourism in rural and Northern regions.** Ontario is the first region in the world to have an Indigenous food tourism strategy, in which visitors experience the taste of Indigenous food while connecting with local Indigenous-owned businesses, providing a cultural exchange and increasing a dialogue to contribute to community development. Going beyond agri-tourism, this strategy speaks to the growing visitor demand for authentic Indigenous food tourism experiences and is crucial to the growth of Indigenous tourism economies, the fastest growing sector in Ontario's tourism industry. Given that 60% of Ontario's Indigenous tourism sector is in Northern Ontario, we recommend support for growing Indigenous food tourism to amplify the diverse cultural profile of Ontario food and its role in rural Ontario tourism.
- **Support an economic and environmental impact study of small tourism operators in rural Ontario.** Tourism in rural Ontario is a growing market as visitors yearn for outdoor activities, wellness activities, agritourism, and an escape from urban stressors. But the lack of data on the economic and environmental impact of rural tourism, especially with respect to small tourism operators (which make up the majority of rural tourism sectors), is hindering its development and sustainable growth. With increased visitor traffic in rural destinations, there is a need for robust economic impact data to leverage opportunities for growth, support the competitiveness of rural tourism, and convey the benefit to local communities; environmental impact data would additionally enable operators to identify sustainability gaps in their own business practice to support future business planning that will reduce their carbon footprint and help Ontario meet its emissions reduction target.

- **Intergovernmental support for an LMIA exemption for tourism and hospitality operators accessing labour through the Temporary Foreign Worker Program.** Resort and hospitality sectors are highly service-dependent, relying on an extensive team of kitchen staff, housekeepers, groundskeepers, and other essential workers. However, essential workers are difficult to recruit domestically. Consequently, the Temporary Foreign Worker Program (TFWP) has been a critical pathway for essential workers. However, barriers remain which limit the extent to which resort and hospitality sectors can leverage the TFWP. While tourism and hospitality businesses in high unemployment regions will be able to use the TFWP to fill persistently vacant essential positions, the process to do so is costly, as businesses are still required to submit a Labour Market Impact Assessment (LMIA). We recommend strategic intergovernmental support to secure a permanent exemption for Ontario's resort and hospitality sectors for Labour Market Impact Assessment (LMIA) review. We also recommend working with federal partners to permanently extend the temporary 30% hiring cap for accommodation and food and beverage sectors.

### **Overview of Tourism in Ontario**

Prior to 2020, tourism in Ontario represented about 200,000 businesses, directly accounting for about 400,000 jobs and another 180,000 jobs indirectly. With a provincial GDP contribution of \$36 billion, annual tax revenues of \$5 billion, and annual exponential economic growth, tourism in Ontario has a greater economic impact than forestry, mining, and agriculture combined.

Tourism and hospitality play a significant role in creating vibrant communities to work and live in. Our industry's economic impact extends beyond tourism businesses and workers, benefiting other businesses, industries, communities, and the economy as a whole through tax revenue and community infrastructure. Tourism is therefore not only a key economic driver as an industry; it is an indispensable component of broader economic development.

### **Rebuilding the Economic Impact of Ontario's Tourism Industry**

*With the Ontario Chamber of Commerce, TIAO recently released the [2022 State of the Ontario Tourism Industry Report](#), outlining a comprehensive blueprint for economic recovery and opportunities for the future of tourism in the province.*

We note that while our industry is rebuilding, the COVID-19 pandemic continues to have a severe and enduring impact on the tourism industry in Ontario. Border closures, capacity restrictions and lockdowns exacerbated structural issues that have left the industry far from recovery. Moreover, not all tourism markets and regions are rebuilding at the same pace, with Northern Ontario still hard-hit and 4 in 10 tourism operators forecasting profitability in 2024 and beyond.

Visitation and bookings are on the rise. But tourism operators are struggling to meet demand amidst the labour crisis. Without the necessary staff, operators are forced to turn away business, resulting in lost revenue. In 2022, 55% of tourism businesses generated less than half of pre-COVID revenues, making it more difficult to pay down debt. In fact, 7 in 10 Ontario tourism businesses have taken on personal and/or commercial debt, with 20% of businesses now over \$100,000 in debt. Further hampering rebuilding efforts are inflation, the rising cost of living, supply chain disruptions, and economic impact of the war in Ukraine, especially on European markets.

Moreover, not all tourism sectors and regions are rebuilding at the same pace, with rural and Northern Ontario still hard-hit due to the slow return of key US visitor markets. In 2022, US arrivals were only 25-33% of what they were pre-pandemic. Consequently, Northern Ontario resource-based

tourism operators have accumulated on average more than \$180,000 in debt, collectively losing over \$100 million in potential revenue in 2022 alone.

As a result, TIAO estimates that most Ontario tourism businesses will not reach financial stability until at least 2024/2025. To rebuild the economic impact of the tourism industry, remain domestically and globally competitive, and enable our businesses to grow innovative made-in-Ontario experiences, we require the continued support and collaboration of the Government of Ontario.

### **Data-Driven Policy Advocacy at TIAO**

At TIAO we have always worked on pressing policy files on behalf of the tourism industry and develop evidence-based policy recommendations that reflect the multifaceted needs of the industry. Our policy work focuses on ensuring the political, economic, and regulatory environment allows for the continued exponential growth of the industry.

Over the past two years, TIAO has monitored the unprecedented financial impacts of the COVID-19 pandemic on Ontario's tourism businesses. Through TIAO's own Evidence Generation Strategy (EGS)—consisting of data collected through province-wide surveys, stakeholder calls, industry consultations, policy roundtables, consultations with industry experts, and strategy development with other networked organizations—we have been able to develop a full picture of the rapidly changing political, economic, and social impact on Ontario's tourism industry.

Using the EGS, TIAO has been able to successfully identify policy solutions to help mitigate the pandemic's economic impact on tourism businesses and to chart a productive path forward. Implemented solutions include: the Ontario Tourism and Travel Small Business Support Grant, Ontario Staycation Tax Credit, Ontario Tourism Recovery Program, Ontario Small Business Relief Grant, temporary industry amendments to the Employment Standards Act, and opt-in proof of vaccination. The multipronged EGS directly informs our recommendations to all levels of government to ensure that we are best representing our members' needs as the voice of Ontario's tourism industry.

## Ministry of Economic Development, Job Creation and Trade (MEDJCT)

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We thank the Ministry of Economic Development, Job Creation and Trade for providing small businesses with \$185 million in income tax relief over the next three years, benefiting approximately 5,500 small businesses, and also for investing more than \$100 million through the Regional Development Program to foster business growth at the regional level. Building upon this, we are looking to the Ministry of Economic Development, Job Creation and Trade (MEDJCT) to confer on targeted strategies to support tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Including the Ontario Staycation Tax Credit in the 2023 Provincial Budget.** The Ontario Staycation Tax Credit has been an important tool to encourage Ontarians to explore local destinations, and we thank the Government of Ontario for rolling it out for 2022. We've heard how the Staycation Tax Credit has incentivized people to visit destinations they had never visited, spend more, and stay for longer. On top of the immediate economic benefit, the Staycation Tax Credit helps to build a consumer habit of domestic spending that our industry needs to become resilient. Given the economic benefits and the short window that Ontarians had to travel in 2022, we recommend including this Tax Credit in the 2023 Provincial Budget as well as expanding it to include transient boating.
- **Developing an enhancement fund to boost competitive bids for major business, cultural, and sporting events** COVID-19 has impacted destination marketing budgets, with the drop in visitor accommodation stays reducing municipal accommodation tax revenue, which comprises a sizeable proportion of many destination marketing budgets. As a result, the cost of marketing and submitting competitive event bids has risen enormously, placing Ontario destinations at a significant disadvantage when competing with other global hubs and gateway regions for events and productions. Destinations like Kingston have lost out on major sporting event bids to other Canadian cities, as they did not have the economic tools to fulfill a competitive bid.
- **Maximizing opportunities to develop the cruise tourism market in Northern Ontario.** Cruises are an incredible opportunity to bring a high volume of visitors to Ontario destinations in a short time window and without requiring typical visitor accommodation; this is especially beneficial for Northern Ontario destinations which are limited in accommodation capacity. Thunder Bay is currently a turnaround point for Great Lakes itineraries operated by Viking River Cruises; passengers from Octantis, the largest cruise ship on the Great Lakes, have the opportunity to visit restaurants, shops, and other waterfront businesses during their 48-hour stop in Thunder Bay. Expanding the Northern Ontario cruise tourism market would provide a huge boon in visitation for Northern tourism operators.
- **Restructuring Ontario's beer tax framework to incentivize growth and support investment for craft brewers of all sizes.** Ontario's Bricks-and-Mortar craft breweries are a significant economic driver across the province, especially in rural and northern communities. In fact, a

recent report from the Canadian Centre for Economic Analysis (CANCEA) found that the sector generates \$211 million in tourism related economic activity and attracts over 5 million visitors every year, including 1.8 million visits from tourists. In short, a growing craft beer industry means more jobs, more regional investment, and more economic activity. Ontario's beer tax system has been a key part of this growth and has helped create this strong sector; however, it is now time to reform it by lowering the overall tax burden and incentivizing investment to unleash the next phase of the sector's growth. In turn, these changes would create 1000 more jobs, \$380M investment and \$2.35B in economic activity and tax revenue for the province. It was the fastest growing manufacturing sector for the past decade, and with these changes, this growth will continue for the next decade as well.

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## Ministry of Education (EDU)

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We thank the Ministry of Education for its ongoing investment of \$39.6M over three years to expand the Specialist High Skills Major (SHSM) program, which includes a Hospitality and Tourism stream. Building upon this, we are looking to the Ministry of Education (EDU) to confer on additional strategies to support the skills development and career-readiness of our future workforce.

#### We recommend:

- **Conferring with TIAO and industry stakeholders to ensure the range of tourism and hospitality pathways is represented in career programs to provide students with a breadth of career options.** Tourism and hospitality is a critical training ground for our workforce, providing foundational skills and first jobs to roughly 30% of Ontarians. However, student exposure to tourism and hospitality careers tends to be limited to accommodations, food and beverage, and front of house or kitchen staff positions. According to 2022 TIAO survey data, 64% of tourism operators think that government does not effectively promote tourism as a possible career. A career in tourism can include areas such as: marketing, communications, management, finance, human resources, office administration, lobbying/government relations, guest services/customer service and event planning/designing. Further, temporary jobs exist alongside long-term careers, and the array of sectors under one umbrella offers the unique benefit of job-mobility while staying within the industry. To provide students with a breadth of rewarding career options and pathways, we recommend conferring with TIAO and industry stakeholders on strategies to ensure that the range of tourism and hospitality careers is represented in career awareness curricula.
- **Ensuring that Service Excellence Training is offered consistently across the high school careers curriculum.** Service Excellence is already a core certification provided in hundreds of Ontario high schools through the SHSM program. Given the critical role that tourism and hospitality plays in providing first jobs and foundational skills for roughly 30% of Ontarians—especially youth—offering Service Excellence training consistently across the school system would well-prepare Ontario students for the workplace, with service skills applicable to all sectors.
- **Leveraging labour market technology to enrich student career planning** to help expand students' awareness of the range of possible career options available to them and to ensure our future workforce can meet Ontario's labour market needs.
- **Elevating the Hospitality and Tourism Specialist High Skills Major (SHSM) to an industry-recognized accreditation to recognize the skills and knowledge gained through the program and its value to tourism and hospitality employers.** To cultivate early career interest, high school co-op programs offer a way to combine course-based learning with experiential on-the-job learning, enabling students to gain both knowledge and practical experience in a focused discipline. Continued support for such programs is increasingly important as the industry works to reverse a declining talent pipeline. To recognize the skills and knowledge gained through the program and its value to tourism and hospitality

employers, we recommend elevating the Hospitality and Tourism Specialist High Skills Major to an industry-recognized accreditation. This would be similar to parallel programs around the world such as the T-Levels in the United Kingdom.

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## Ministry of Francophone Affairs (MFA)

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We thank the Ministry of Francophone Affairs for investing \$500,000 to help Francophone entrepreneurs participate in the province's economy. Building upon this, we are looking to the Ministry of Francophone Affairs (MFA) to confer on targeted strategies to support francophone tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Continued economic investment in Francophone and bilingual product development and market readiness support and tools through special projects and partnerships.** RDÉE's 2021 data shows that 87% of Canadian tourism operators offering francophone and bilingual services are interested in attracting more francophone markets; 81% of Quebecers say it is very important and important to have a minimum of service in French when they travel. The benefits of appealing to this visitor market include enhancing high yield spending, supporting shoulder season visitation, mitigating the risks of relying on more traditional markets, and fostering cultural-linguistic ties that create opportunities for inter-provincial and global investment in Franco-Ontarian tourism products, appealing to a Francophone market of 300 million people worldwide. Special projects and partnerships, led by Société économique de l'Ontario (SÉO) and its partners, include reconnecting rural destinations to Gateway cities and developing tailor-made support to partners and destinations in these initiatives such as Ontario's Champlain Tourism Route.
- **Support for Francophone and bilingual tourism partnership initiatives between SÉO and the education and tourism skills development network.** Building the capacity required to regenerate Francophone and bilingual tourism economic activity is important to our industry's rebuild and long-term sustainability. Key to capacity-building are programs creating pathways for Francophone newcomers to integrate into the tourism industry and developing regional industry training solutions. The development of these tourism products and experiences creates job opportunities for new Francophone and bilingual newcomers to Ontario. Underutilized in the tourism workforce, Francophone and bilingual newcomers are an increasingly important labour market segment to appeal to increase the sustainability and diversity of the tourism labour force, and to enrich the cultural fabric of Ontario tourism.
- **Increased investments in business support targeting Francophone and bilingual tourism operators across the province, which is key to the sustainable rebuild and growth of our tourism industry.** The rebuild and growth of small Francophone tourism businesses is key to ensure that there will be a high-quality tourism offer as travel gradually returns, both domestically and internationally. Continuing to invest in targeted business supports will help to support the long-term viability and sustainable growth of these vital operators in the Francophone tourism sector.

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## Ministry of Indigenous Affairs (IAO)

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We thank the Ministry of Indigenous Affairs for providing \$25 million over the next three years to support economic development in Indigenous communities. This funding will help Indigenous businesses and communities recover after the COVID-19 pandemic, modernize business processes, remove barriers for Indigenous people pursuing an apprenticeship, and provide training opportunities. Building upon this, we are looking to the Ministry of Indigenous Affairs to confer on targeted strategies to support Indigenous tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Funding strategies to facilitate the growth and long-term sustainability of Indigenous tourism businesses.** Between 2014 and 2017, Indigenous tourism grew 23%, surpassing Canada's overall tourism activity growth by 8.7%. 1 in 3 international visitors to Canada express an interest in an Indigenous tourism experience. As the fastest-growing sector in Ontario's tourism industry, Indigenous tourism is leading innovation and sustainability within our industry, enhancing Ontario's premier visitor experiences. With 60% of Indigenous operators in Northern Ontario, Indigenous tourism is a key pillar supporting the long-term sustainability of rural economies. To support the rebuild and growth of Indigenous tourism, we recommend targeted and strategic support for Indigenous tourism and access to capital for Indigenous operators.
- **Investing in and supporting sustainable funding models for Indigenous Tourism Ontario (ITO).** Indigenous Tourism Ontario (ITO) has been critical to the development, growth, and sustainability of the province's Indigenous tourism businesses. ITO is the province's only dedicated Indigenous tourism organization focused on uniting communities, Indigenous organizations, and industry leaders to support the growth of the Indigenous tourism sector in Ontario. We recommend strategies to invest in and support ITO in the future in order to facilitate the continued growth of this culturally and economically important sector in Ontario.
- **Supporting further development of Indigenous tourism.** As the fastest growing demographic outside of new immigrants, Indigenous people can be part of the solution to the industry's ongoing labour crisis. With Indigenous people comprising one-third of Northern Ontario's population, supporting Indigenous business development strengthens rural economies. We recommend strategies that support Indigenous business development and encourage the involvement of Indigenous peoples in Ontario's tourism industry. For instance, tax credits for non-Indigenous tourism businesses owners who sell to Indigenous entrepreneurs.

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## Ministry of Infrastructure (MOI)

### ROMA 2023

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We thank the Ministry of Infrastructure for investing \$400 million in infrastructure for small, rural and northern communities. We applaud the Ministry for working with the Government of Canada to invest \$56 million to expand high-speed internet access in eastern Ontario. Building upon these measures, we are looking to the Ministry of Infrastructure to confer on targeted strategies to support tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Expanding heated rest area infrastructure in rural, Northern, and remote areas.** Northern and rural regions are underserved in terms of rest area infrastructure. Existing visitor centres have limited operations but on top of that, there are simply not enough rest areas to meet rising visitor demand. This means that travellers may not be able to access rest areas, when necessary, on Northern and rural routes. Not only are more rest areas needed to meet growing volumes of visitors to rural and Northern Ontario; heated and maintained rest areas (e.g., Urban Blu) are necessary to meet current consumer travel expectations. We recommend conferring with the Ministry of Transportation to expand heated and maintained rest area infrastructure along rural, Northern, and remote highways.
- **Support public and private infrastructure of EV chargers in rural Ontario through electrical grid expansion and funding opportunities.** About 2 million families travel to rural Ontario every year. With growing volumes of visitors traveling by electrical vehicle, RV, or boat, the current network of EV charging stations is insufficient to meet the demand. Rural tourism operators are raising concerns about the increase in electric vehicles with no charging ports or power available to charge them. If connected to the grid, most campgrounds will get 30 amps per site. However, most e-vehicles require a minimum of 32 amps and most e-boats require 40 amps to charge. EV chargers are also very expensive to install, including the additional infrastructure and expertise to accommodate waterproof chargers for marinas. To accommodate the changes needed to meet the government mandate of zero emissions by 2035, the Ontario government must make funding available to small and medium-sized operators, which comprise the majority of our industry. We additionally recommend conferring with the Ministry of Energy to ensure that the cost to expand the electrical grid in rural Ontario is not passed on to end users.
- **Sustain and roll-out investments in the delivery of rural and Northern broadband.** Access to reliable high-speed broadband is critical to the capacity for tourism businesses to operate, grow, and meet rising visitor demand. It is also important to ensuring that the visitor experience aligns with consumer expectation for broadband access. In underserved areas, this is especially important given the growing demand for visitor experiences in rural and Indigenous destinations. According to the CRTC, 98.6% of Canadians living in urban communities have access to high-speed internet. In rural regions, this number is 45.6%, and 34.8% of households on First Nations reserves. Sustained investment and timely delivery are necessary, especially for First Nations communities. As road infrastructure projects take place, a 'Dig Once' policy could facilitate easier, faster, and cheaper broadband installation.

This policy involves placing empty conduits in the ground during road construction, enabling easier access in future to install fibre-optic cables.

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## Ministry of Labour, Immigration, Training and Skills Development (MLITSD)

### ROMA 2023

We thank the Government of Ontario for their ongoing support of the tourism industry. Rebuilding businesses and regaining good jobs is the focus of every sector and region of the tourism industry. But as our industry rebuilds, the labour crisis across tourism and hospitality sectors threatens to set back our progress, curtail future growth, and compromise the long-term sustainability of our workforce. Indicative of recruitment and retention challenges:

- There was an 81.4% increase in Ontario tourism and hospitality job postings in Spring 2022 compared to Spring 2019 (Ontario Tourism Education Corporation, 2022)
- 69% of tourism businesses are concerned about how recruitment and retention challenges will affect the future of the industry (TIAO, 2022)
- Between 2020 and 2025, Ontario is projected to lose \$34.7 billion in direct and indirect tax revenue from tourism and hospitality (Ontario Tourism Education Corporation, 2022)

At TIAO, we recognize the key role that the Ministry of Labour, Training and Skills Development has in supporting workforce development and employment services in Ontario. We thank MLITSD for continued support of Ontario's tourism industry through ongoing workplace training investments and collaboration with our industry on temporary industry regulations, Infectious Disease Emergency Leave, regulating temporary help agencies, and other measures. Building upon this, we are looking to MLITSD for support in ensuring that the tourism industry has the workforce required to rebuild and thrive in Ontario. The below recommendations are part of a larger **Tourism Workforce Strategy**, which we have outlined in the enclosed appendix.

#### We recommend:

- **Working with the tourism industry to develop a Tourism Workforce Strategy to support immediate and long-term recruitment and retention (see appendix).** Labour continues to be the number one concern among tourism businesses. With operators unable to hire the staff they need, and existing staff burnt out, the labour crisis is affecting the capacity of businesses to meet and fully benefit from rising visitor demand. TIAO's own research shows that 69% of tourism businesses are concerned about how recruitment and retention challenges will affect the future of the industry. Given that the tourism and hospitality is an integral training ground for the province's workforce—providing first jobs and foundational skills to roughly 30% of Ontarians—alleviating immediate and long-term labour force pressures in our industry is critical. We therefore recommend developing and implementing a Tourism Workforce Strategy to target recruitment and retention challenges in the tourism and hospitality industry (see appendix for full strategy recommendations). This strategy includes:
  - *Programs promoting tourism as a career to youth, jobseekers, and those from underrepresented groups (see below)*
  - *Measures to enhance and incentivize work placement opportunities for young jobseekers*
  - *Reforms to federal and provincial immigration pathways to recruit and retain international talent our industry needs (see below)*
  - *Measures supporting the career readiness of our future talent*

- *Strategic initiatives ensuring decision-making is data-driven and locally-specific (e.g., working with industry to establish a common tourism labour market information and forecasting strategy, supporting workplace-based training and consulting supports for small businesses and operators)*
- **Collaboration with federal counterparts on immigration reform to ensure immigration pathways meet recruitment and retention demands of the tourism and hospitality industry.** Available immigration streams for our industry through federal and provincial routes are targeted at TEER 0 (management jobs), TEER 1 (professional jobs), and TEER 2 and 3 (technical and skilled trades) in qualifying work experience and job offers. This includes the federal Express Entry pathway and the Ontario Immigrant Nominee Program (OINP). The requirements overlook the labour market needs of tourism and hospitality businesses, which tend to have difficulty filling TEER 4 and 5 positions on a permanent and reliable basis. Moreover, not only are the eligibility requirements out of reach for many recent tourism and hospitality graduates; by disqualifying most tourism and hospitality jobs from eligibility (as they tend to be in TEER 4), it actively encourages international students to leave the industry they trained to enter if they want to remain in Ontario - or leave Ontario altogether if they want to remain in tourism and hospitality. **We recommend:**
  - *Working with Immigration, Refugees, and Citizenship Canada (IRCC) to amend the OINP to include TEER 4 and TEER 5 occupations for qualifying job offers and work experience*
  - *Increase the number of newcomers allowed to enter under the OINP from 9,000 to 18,000*
  - *Ensuring that newcomer settlement programs are prioritizing employment and training opportunities for Ontario's most high-demand occupations such as tourism and hospitality*
  - *Working with IRCC to amend the Canadian Experience Class (Express Entry) to include TEER 4 in qualifying job offers and work experience*
  - *Working with IRCC introduce a 2-year 'Introduction to Canada' visa targeted at entry-level skillsets, with a pathway to permanent residency*
  - *Intergovernmental support for an LMIA exemption for tourism and hospitality operators accessing labour through the Temporary Foreign Worker Program*
- **Conferring with TIAO and industry stakeholders to ensure the range of tourism and hospitality careers is represented in career awareness resources to provide jobseekers with a breadth of career options.** General public awareness of tourism and hospitality careers is limited. For instance, student exposure to tourism and hospitality careers tends to be limited to accommodations, food and beverage, and front of house or kitchen staff positions. According to 2022 TIAO survey data, 64% of tourism operators think that government does not effectively promote tourism as a possible career. A career in tourism can include areas such as: marketing, communications, management, finance, human resources, office administration, lobbying/government relations, guest services/customer service and event planning/designing. Further, temporary jobs exist alongside long-term

careers, and the array of sectors under one umbrella offer the unique benefit of job-mobility while staying within the industry. Shifting public perception of tourism careers to focusing on the skillsets required to work in tourism additionally offers a major recruitment opportunity. Many students, professionals, and skilled workers in other programs and industries have the skillsets that are in demand in tourism—they may be a good fit for the tourism industry but are unaware of it.

- **Expanding eligible job seeker/participant criteria in the Skills Development Fund to include international students**

We thank MLITSD, Minister McNaughton, and the Minister’s policy team for ongoing collaboration with TIAO and industry stakeholders, and we look forward to continued collaboration to rebuild Ontario’s tourism industry.

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## Ministry of Municipal Affairs and Housing (MMAH)

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We thank the Ministry of Municipal Affairs and Housing for implementing legislation to tackle the housing supply crisis and commit to building 1.5 million homes over the next 10 years. Building upon this, we are looking to the Ministry of Municipal Affairs and Housing (MMAH) to confer on strategies to support tourism businesses, organizations, and workers in Ontario.

#### **We recommend:**

- **Ensuring the Disaster Recovery Assistance program can best support affected businesses.**

We thank the Ministry for supporting tourism businesses impacted by extreme weather events through the implementation of disaster relief financial assistance. With extreme weather events becoming more frequent, this is crucial to ensuring the financial sustainability of affected tourism operators and to supporting the vitality of Ontario's tourism offer. However, not all tourism operators have been able to access the financial relief due to eligibility restrictions. For any future extreme events, we would like to ensure that the Disaster Recovery Assistance for Ontarians program (DRAO) can support as many affected businesses in recovery costs. To support the sustainability of tourism destinations, we therefore recommend revisiting DRAO eligibility criteria in conjunction with tourism stakeholders.

- **Conferring with municipalities and industry stakeholders to create regional and localized solutions to address the attainable housing crisis.** Ontario's affordable housing crisis is impeding the ability of our workers to live close to where they work, impacting workforce recruitment, retention, and dispersion to visitor destinations across the province. This is a growing problem in rural destinations. Without the housing supply to attract and retain staff, tourism operators will be forced to scale down operations, turn away business, and lose out on potential revenue; rural operators may be forced to take on the added cost of purchasing housing for staff. We recommend collaborating with municipal and industry stakeholders to develop regional and localized solutions to address the housing crisis.

Potential initiatives include:

- *Working with the private sector and municipalities to incentivize the development of affordable housing, particularly tailored to rural municipalities*
- *Incentivize the development of purpose-built rentals*
- *Work with private developers and municipalities to ensure appropriate, available residential lands move to the market for development.*
- *Require municipalities to intensify development and approve more multi-unit residential buildings as part of their official plans.*

- **Ensuring sufficient planning and building of supportive housing and providing municipalities with the resources required to address the rise of homeless and vulnerable populations.** Over the course of the COVID-19 pandemic, communities across Ontario have seen a rise in homeless and vulnerable populations. Without the supportive and transitional housing to match, the rise in homeless and vulnerable populations has impacted worker safety among tourism and hospitality operators. In many instances, frontline tourism and hospitality staff have been forced to respond to incidents involving visible homeless and vulnerable individuals on commercial premises; without the necessary training or supports, staff have de-escalated sometimes violent situations that have put patrons and other staff in physical danger. To address this issue in the short-term and long-term, we recommend:
  - *Increased investments for municipalities to address the rise of visible homeless and vulnerable populations, including resources to expand access and availability of addiction and mental health services.*
  - *Continued expansion of the supportive housing supply, which is purpose-built to support those with long histories of homelessness, addictions, and/or complex mental health conditions transition into housing.*
  - *Working with tourism stakeholders to develop a legal definition for recreational campgrounds to ensure that recreational campgrounds continue to be available for public use by leisure visitors and are not repurposed by municipalities as a housing solution for homeless and vulnerable populations.*

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## Ministry of Natural Resources and Forestry (MNRF)

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We thank the Ministry of Natural Resources and Forestry for providing over \$2.8 million through the Northern Ontario Heritage Fund Corporation to community enhancement projects in Kenora to upgrade local infrastructure and community recreation facilities. Building upon this, we are looking to the Ministry of Natural Resources and Forestry (MNRF) to confer on additional strategies to support resource-based tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Regulate deer hunting opportunities for non-resident hunters by requiring them to use the services of the resource-based tourism sector for accommodations.** Currently, non-resident hunters are not required to go through an outfitter when hunting deer in Ontario. While they are required to use the services of a guide, there is no training required to become a guide and the licence fee is nominal. This has produced a large underground accommodations market for non-resident deer hunters, which has diverted revenues from trained, experienced outfitters struggling to recover and has also created concerns around hunting safety and protocols. We recommend the removal of the guide licence and requiring non-resident deer hunters to use the services of outfitters, which is on par with regulating bear and moose hunting opportunities for non-resident hunters.
- **Exploring longer-term land tenure options for outpost camps.** Current arrangements only allow outpost camp operators to lease their properties on a yearly basis. However, the uncertainty of renting from year to year makes it difficult for operators to decide whether to invest in their buildings and their business model—precluding opportunities to develop more competitive tourism products and experiences. It also deters new operators from the market. Attracting new investment for Northern tourism will require other longer-term land tenure arrangements, including multi-year leases and purchase options. We recommend exploring these options in ongoing discussions with Nature and Outdoor Tourism Ontario (NOTO), operators, and industry stakeholders.
- **Providing supports to prevent and mitigate climate change impacts for resource-based tourism operators and tourism businesses located in regions at high risk of extreme weather events.** Resource-based tourism is a \$400M sector, with 1,300 businesses providing jobs and injecting revenue directly into local economies in northern and central Ontario. Resource-based tourism is directly impacted by increasingly volatile climate patterns which hinder the ability of operators to safely operate and make reliable incomes. We recommend providing strategic supports to resource-based tourism operators and tourism businesses located in higher-risk regions so that they can invest in preventive measures that mitigate risks such as fire and flood. These prevention-focused supports will support the climate resilience of tourism operators, in turn easing future pressure on public resources.

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## Ministry of Northern Development (MND)

### ROMA 2023

We thank the Government of Ontario for their ongoing support of the tourism industry. Rebuilding businesses and regaining good jobs is the focus of every sector and region of the tourism industry. But to enable our industry to overcome barriers and fully leverage the opportunities to rebuild and prosper—now and for the future—we require the support of all provincial ministries.

We thank the Ministry of Northern Development for providing \$4.9 million through the Northern Ontario Heritage Fund Corporation to 24 tourism projects in Northern Ontario, stimulating economic development and attracting visitors to the north. Building upon this, we are looking to the Ministry of Northern Development (MND) to confer on further strategies to support tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Continued discussion to develop a Northern Tourism Opportunity Fund to amplify tourism promotion and product development in remote and Northern regions.** When it comes to tourism promotion, many Northern areas in Ontario are at a financial disadvantage. Tourism communities located beyond municipal boundaries, in unorganized townships, or on Crown land have fewer revenue tools at their disposal to generate dollars for the purposes of tourism marketing. By contrast, municipalities have the option of implementing a Municipal Accommodation Tax on visitor accommodation stays to generate revenue earmarked for tourism marketing purposes; this revenue tool puts visitor dollars back into the local visitor economy. Without a similar revenue tool, Northern communities cannot compete with municipalities in marketing their product to visitors. To amplify tourism offerings for areas beyond municipal boundaries, we recommend developing a Northern Tourism Opportunity Fund to provide much-needed capital for tourism marketing and product development.
- **Expanding heated rest area infrastructure along Northern highways.** Northern highways are underserved in terms of rest area infrastructure. Existing visitor centres have limited operations but on top of that, there are simply not enough rest areas to meet rising visitor demand. This means that travellers may not be able to access rest areas, when necessary, on Northern routes. Not only are more rest areas needed to meet growing volumes of visitors to rural and Northern Ontario; heated and maintained rest areas (e.g., Urban Blu) are necessary to meet current consumer travel expectations. We recommend conferring with the Ministry of Transportation to expand heated and maintained rest area infrastructure along Northern highways.

#### Overview of Tourism in Ontario

Prior to 2020, tourism in Ontario represented about 200,000 businesses, directly accounting for about 400,000 jobs and another 180,000 jobs indirectly. With a provincial GDP contribution of \$36 billion, annual tax revenues of \$5 billion, and annual exponential economic growth, tourism in Ontario has a greater economic impact than forestry, mining, and agriculture combined.

Tourism and hospitality play a significant role in creating vibrant communities to work and live in. Our industry's economic impact extends beyond tourism businesses and workers, benefiting other businesses, industries, communities, and the economy as a whole through tax revenue and

community infrastructure. Tourism is therefore not only a key economic driver as an industry; it is an indispensable component of broader economic development.

### **Rebuilding the Economic Impact of Ontario's Tourism Industry**

*With the Ontario Chamber of Commerce, TIAO recently released the [2022 State of the Ontario Tourism Industry Report](#), outlining a comprehensive blueprint for economic recovery and opportunities for the future of tourism in the province.*

We note that while our industry is rebuilding, the COVID-19 pandemic continues to have a severe and enduring impact on the tourism industry in Ontario. Border closures, capacity restrictions and lockdowns exacerbated structural issues that have left the industry far from recovery. Moreover, not all tourism markets and regions are rebuilding at the same pace, with Northern Ontario still hard-hit and 4 in 10 tourism operators forecasting profitability in 2024 and beyond.

Visitation and bookings are on the rise. But tourism operators are struggling to meet demand amidst the labour crisis. Without the necessary staff, operators are forced to turn away business, resulting in lost revenue. In 2022, 55% of tourism businesses generated less than half of pre-COVID revenues, making it more difficult to pay down debt. In fact, 7 in 10 Ontario tourism businesses have taken on personal and/or commercial debt, with 20% of businesses now over \$100,000 in debt. Further hampering rebuilding efforts are inflation, the rising cost of living, supply chain disruptions, and economic impact of the war in Ukraine, especially on European markets.

Moreover, not all tourism sectors and regions are rebuilding at the same pace, with rural and Northern Ontario still hard-hit due to the slow return of key US visitor markets. In 2022, US arrivals were only 25-33% of what they were pre-pandemic. Consequently, Northern Ontario resource-based tourism operators have accumulated on average more than \$180,000 in debt, collectively losing over \$100 million in potential revenue in 2022 alone.

As a result, TIAO estimates that most Ontario tourism businesses will not reach financial stability until at least 2024/2025. To rebuild the economic impact of the tourism industry, remain domestically and globally competitive, and enable our businesses to grow innovative made-in-Ontario experiences, we require the continued support and collaboration of the Government of Ontario.

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At TIAO we have always worked on pressing policy files on behalf of the tourism industry and develop evidence-based policy recommendations that reflect the multifaceted needs of the industry. Our policy work focuses on ensuring the political, economic, and regulatory environment allows for the continued exponential growth of the industry.

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Using the EGS, TIAO has been able to successfully identify policy solutions to help mitigate the pandemic's economic impact on tourism businesses and to chart a productive path forward. Implemented solutions include: the Ontario Tourism and Travel Small Business Support Grant, Ontario Staycation Tax Credit, Ontario Tourism Recovery Program, Ontario Small Business Relief



Grant, temporary industry amendments to the Employment Standards Act, and opt-in proof of vaccination. The multipronged EGS directly informs our recommendations to all levels of government to ensure that we are best representing our members' needs as the voice of Ontario's tourism industry.

## Ministry of Tourism, Culture and Sport (MTCS)

### ROMA 2023

We thank Minister Lumsden and the Ministry of Tourism, Culture and Sport (MTCS) for their ongoing support of tourism businesses, organizations, and workers in Ontario as our industry recovers. We applaud MTCS for investing in Indigenous Tourism Ontario to create jobs and support unique and authentic Indigenous experiences, as well as investing \$1.4 million to support the City of Thunder Bay in hosting the 2024 Ontario Winter Games—estimated to generate \$5 million in economic impact.

We value the collaborative relationship between TIAO and MTCS and look forward to building a bright future for Ontario tourism. We are eager to continue working with the Ministry to help Ontario's tourism economies fully leverage opportunities for growth and overcome challenges to economic recovery.

#### We recommend:

- **Cross-ministerial collaboration to develop a *Tourism Workforce Strategy* to support recruitment and retention in the tourism and hospitality industry (see appendix).** Labour continues to be the number one concern among tourism businesses. With operators unable to hire the staff they need, and existing staff burnt out, the labour crisis is affecting the capacity of businesses to meet and fully benefit from rising visitor demand. TIAO's own research shows that 69% of tourism businesses are concerned about how recruitment and retention challenges will affect the future of the industry. Given that the tourism and hospitality is an integral training ground for the province's workforce—providing first jobs and foundational skills to roughly 30% of Ontarians—alleviating immediate and long-term labour force pressures in our industry is critical. Illustrating the severity of the situation, between 2020 and 2025, Ontario is projected to lose \$34.7 billion in direct and indirect tax revenue from tourism and hospitality (OTEC, 2022). We therefore recommend collaborating with the Ministry of Labour, Immigration, Training and Skills Development to develop a ***Tourism Workforce Strategy*** to target recruitment and retention challenges in the tourism and hospitality industry (see appendix for full strategy recommendations). This strategy includes:
  - *Programs promoting tourism as a career to youth, jobseekers, and those from underrepresented groups*
  - *Measures to enhance and incentivize work placement opportunities for young jobseekers*
  - *Reforms to federal and provincial immigration pathways to recruit and retain international talent our industry needs*
  - *Measures supporting the career readiness of our future talent*
  - *Strategic initiatives ensuring decision-making is data-driven and locally-specific (e.g., working with industry to establish a common tourism labour market information and forecasting strategy, supporting workplace-based training and consulting supports for small businesses and operators)*

- **Continued support for destination marketing campaigns showcasing Ontario tourism to domestic and international markets.** Key visitor markets have yet to return fully to rural and Northern Ontario. According to Statistics Canada land border crossing data, US arrivals were only at 25-33% of what they were pre-pandemic as of summer 2022. Tourism economic recovery is therefore taking place at a much slower rate in rural and Northern regions; destinations dependent on international markets have been hampered in their recovery by border restrictions that have only recently been lifted.
- **Ensuring that cruise data is sufficiently included as part of regional research and profiles, especially in Northern Ontario.** The cruise market in Northern Ontario is fast-growing, presenting new opportunities to attract high volumes of visitors to Ontario destinations in a short time window and without requiring typical visitor accommodation; this is especially beneficial for Northern Ontario destinations limited in accommodation capacity. Thunder Bay is currently a turnaround point for Great Lakes itineraries operated by Viking River Cruises; passengers from Octantis, the largest cruise ship on the Great Lakes, have the opportunity to visit restaurants, shops, and other waterfront businesses during their 48-hour stop in Thunder Bay. To support the expansion of the Northern Ontario cruise tourism market, which would provide a huge boon in visitation for Northern tourism operators, we would like to ensure that cruise data is sufficiently included as part of regional research and profiles.
- **Support an economic and environmental impact study of small tourism operators in rural Ontario.** Tourism in rural Ontario is a growing market as visitors yearn for outdoor activities, wellness activities, agritourism, and an escape from urban stressors. But the lack of data on the economic and environmental impact of rural tourism, especially with respect to small tourism operators (which make up the majority of rural tourism sectors), is hindering its development and sustainable growth. With increased visitor traffic in rural destinations, there is a need for robust economic impact data to leverage opportunities for growth, support the competitiveness of rural tourism, and convey the benefit to local communities; environmental impact data would additionally enable operators to identify sustainability gaps in their own business practice to support future business planning that will reduce their carbon footprint and help Ontario meet its emissions reduction target.

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We note that while our industry is rebuilding, the COVID-19 pandemic continues to have a severe and enduring impact on the tourism industry in Ontario. Border closures, capacity restrictions and lockdowns exacerbated structural issues that have left the industry far from recovery. Moreover, not all tourism markets and regions are rebuilding at the same pace, with Northern Ontario still hard-hit and 4 in 10 tourism operators forecasting profitability in 2024 and beyond.

Visitation and bookings are on the rise. But tourism operators are struggling to meet demand amidst the labour crisis. Without the necessary staff, operators are forced to turn away business, resulting in lost revenue. In 2022, 55% of tourism businesses generated less than half of pre-COVID revenues, making it more difficult to pay down debt. In fact, 7 in 10 Ontario tourism businesses have taken on personal and/or commercial debt, with 20% of businesses now over \$100,000 in debt. Further hampering rebuilding efforts are inflation, the rising cost of living, supply chain disruptions, and economic impact of the war in Ukraine, especially on European markets.

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## Ministry of Transportation (MTO)

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We applaud the Ministry of Transportation for investing \$139.5 million to begin reinstating passenger rail service between Timmins and Toronto, which will help unlock the full economic potential of northern industries and northern Ontario as a whole. Building upon this, we are looking to the Ministry of Transportation (MTO) to confer on additional strategies to support tourism businesses, organizations, and workers in Ontario.

#### We recommend:

- **Expanding heated rest area infrastructure in rural, Northern, and remote areas.** Northern and rural regions are underserved in terms of rest area infrastructure. Existing visitor centres have limited operations but on top of that, there are simply not enough rest areas to meet rising visitor demand. This means that travellers may not be able to access rest areas, when necessary, on Northern and rural routes. Not only are more rest areas needed to meet growing volumes of visitors to rural and Northern Ontario; heated and maintained rest areas (e.g., Urban Blu) are necessary to meet current consumer travel expectations.
- **Support public and private infrastructure of EV chargers in rural Ontario through electrical grid expansion and funding opportunities.** About 2 million families travel to rural Ontario every year. With growing volumes of visitors traveling by electrical vehicle, RV, or boat, the current network of EV charging stations is insufficient to meet the demand. Rural tourism operators are raising concerns about the increase in electric vehicles with no charging ports or power available to charge them. If connected to the grid, most campgrounds will get 30 amps per site. However, most e-vehicles require a minimum of 32 amps and most e-boats require 40 amps to charge. EV chargers are also very expensive to install, including the additional infrastructure and expertise to accommodate waterproof chargers for marinas. To accommodate the changes needed to meet the government mandate of zero emissions by 2035, the Ontario government must make funding available to small and medium-sized operators, which comprise the majority of our industry. We additionally recommend conferring with the Ministry of Energy to ensure that the cost to expand the electrical grid in rural Ontario is not passed on to end users.
- **Confer with federal counterparts to ensure the reliable delivery of aviation routes supporting regional tourism economies.** Regional aviation routes are critical to the livelihood of rural tourism economies; ensuring that these routes are delivered reliably is crucial to maintaining a robust aviation network that can grow rural tourism in Ontario. However, post-pandemic, not all regional aviation routes have returned. For instance, in June 2022, due to the financial impact of the pandemic, Air Canada stopped service to Kingston airport, among a number of regional airports. Air Canada's Kingston-Toronto route has not yet resumed despite strong demand, with close to 80,000 passengers per year in 2018. While Kingston secured an agreement for service to Montreal through Pascan Aviation, a full interline agreement has not been forthcoming from Air Canada; a full interline agreement would allow pricing and display in Air Canada's reservation system. Air Canada has only provided a virtual interline agreement, which allows Pascan flights to and

from Kingston to be connected to Air Canada via Expedia or travel agents only, severely limiting the reach and potential of the service. This is insufficient to support the long-term operation of Pascan's service to and from Kingston. We seek the support of the MTO in conveying these concerns to the federal Transportation Minister to ensure that Air Canada honours their commitment to reinstate regional service through direct or indirect routes.

- **Ensuring the continued development of bus and passenger rail routes to increase connectivity to rural destinations.** Passenger rail and bus transportation routes are a crucial source of safe, reliable, and affordable, and greener public transportation that will open up regional tourism economies to more visitors and skilled workers, benefiting tourism growth. We recommend the continued development of bus and passenger rail routes across Ontario to increase connectivity to rural destinations. To support the return and development of a robust transportation network that works for Ontarians and visitors, we also recommend:
  - Working with the Ontario Motor Coach Association (OMCA) and the motor coach sector to deliver some of these routes via private operators and to consult on route development
  - Support the OMCA's recommendation to allocate 5% of federal provincial transportation funding to support the capacity of private motor coach operators to deliver critical transportation routes in rural communities

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## Treasury Board Secretariat (TBS)

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#### We recommend:

- **Including the Ontario Staycation Tax Credit in the 2023 Provincial Budget.** The Ontario Staycation Tax Credit has been an important tool to encourage Ontarians to explore local destinations, and we thank the Government of Ontario for rolling it out for 2022. We've heard how the Staycation Tax Credit has incentivized people to visit destinations they had never visited, spend more, and stay for longer. On top of the immediate economic benefit, the Staycation Tax Credit helps to build a consumer habit of domestic spending that our industry needs to become resilient. Given the economic benefits and the short window that Ontarians had to travel in 2022, we recommend including this Tax Credit in the 2023 Provincial Budget as well as expanding it to include transient boating.
- **Continued support for destination marketing campaigns showcasing Ontario tourism to domestic and international markets.** Key visitor markets have yet to return fully to rural and Northern Ontario. According to Statistics Canada land border crossing data, US arrivals were only at 25-33% of what they were pre-pandemic as of summer 2022. Tourism economic recovery is therefore taking place at a much slower rate in rural and Northern regions; destinations dependent on international markets have been hampered in their recovery by border restrictions that have only recently been lifted.
- **Long term planning and investment that supports the resilience of Ontario's rural tourism economies.** TIAO's own research shows that as tourism is returning in Ontario, tourism businesses are still facing a number of barriers impeding growth: As of September 2022, 4 in 10 tourism businesses forecast profitability in 2024 and beyond; labour continues to be the number one concern of tourism businesses, with 69% of operators concerned about how labour gaps will affect the future of the tourism industry in Ontario. Moreover, businesses in the resource-based tourism sector have accumulated on average, more than \$187,000 in debt. Recovery is taking place at a slower pace in Northern Ontario; key US markets are slow to return, making it difficult for resource-based tourism operators to pay off debt. This underscores the need to engage in long-term planning and investment which supports the rebuild, growth, and resilience of Northern, rural, and remote tourism economies.

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## Appendix A – Ontario’s Tourism Industry and the Affordable Housing Crisis

### ROMA 2023

Ontario’s supply of affordable housing is insufficient to meet demand. For housing to be deemed ‘affordable,’ a general rule of thumb is that housing costs (e.g., rent, utilities) must represent no more than 30% of pre-tax household income. Currently, however, 46% of Ontario renters spend more than 30% of their income on housing, underscoring the increasingly limited availability of affordable housing.

Illustrating the affordable housing crisis:

- In Ontario, less than 7% of new housing built in the past 20 years was intended for rentals, and less than 2% of rentals are vacant.
- In 2003/2004, a household on an average income would have had to devote close to 40% of their disposable income to buy an average house in Ontario (CMHC)
- In 2021, the average household would have had to devote close to 60% of their disposable income to buy the average house (CMHC)
- In September 2022, the average rent for all property types in Ontario was \$2,451, representing an 18.4% increase over the previous year (Rentals.ca report)

The housing crisis directly impacts Ontario’s tourism industry.

Limited availability of affordable housing impedes the ability of our workers to live close to where they work, impacting regional workforce recruitment, retention, and labour dispersion to visitor destinations across the province. Without the housing supply to attract and retain staff, tourism operators will be forced to scale down operations, turn away business, and lose out on potential revenue; rural operators may be forced to take on the added cost of purchasing housing for staff. We would like to ensure that Ontario has effective affordable housing strategies across the province.

### TIAO therefore recommends:

- Collaborating with municipal and industry stakeholders to develop regional and localized solutions to address the housing crisis. Potential initiatives include:
  - *Working with the private sector and municipalities to incentivize the development of affordable housing, particularly tailored to rural municipalities*
  - *Incentivize the development of purpose-built rentals*
  - *Work with private developers and municipalities to ensure appropriate, available residential lands move to the market for development.*
  - *Require municipalities to intensify development and approve more multi-unit residential buildings as part of their official plans.*

## Appendix B – Backgrounder: Issues Identified around the Current MAT Framework as it relates to MAT Implementation in Smaller Municipalities

### ROMA 2023

The following backgrounder outlines key issues that tourism stakeholders have identified around the current MAT legislative framework, as it pertains to MAT implementation in smaller Ontario municipalities. TIAO's recommendations to address these issues are included throughout and in the Appendix at the end of the document.

This backgrounder was circulated to officials from the Municipal Finance Policy Branch of the Ministry of Municipal Affairs and Housing (MMAH), the Ministry of Finance, and the Ministry of Tourism, Culture and Sport for a roundtable on MAT implementation issues in April 2022. Hosted by TIAO and the Municipal Finance Policy Branch (MMAH), the roundtable was attended by destination marketing organizations, regional tourism organizations, tourism entities, municipal officials, and sector associations representing tourism interests in smaller Ontario municipalities.

\* \* \*

### 1. The Municipal Accommodation Tax (MAT)

#### 1.1: Definitions

**Transient Accommodation:** a commercial use involving the rental of any structure or portion thereof for the purpose of providing lodging for periods less than 30 days. Transient accommodations mean the provision of lodging units, room, board, or sleeping space to guests on a short - term basis for periods of less than 30 days.

**Fixed Roof Accommodation:** a building or buildings providing overnight accommodation to the travelling public, which may or may not contain an eating establishment, and shall include a motel, a hotel, an auto court, an inn, a lodge, cabins, a guesthouse, a tourist home, and a bed and breakfast operation as defined herein.

\* \* \*

#### 1.2: Overview

Levied on transient accommodations, the Municipal Accommodation Tax (MAT) was developed to grow the economic impact of the tourism industry in Ontario. The MAT is intended to provide strategic access to funds to enhance existing investments into tourism marketing and product development.

The MAT is crucial to the long-term sustainability of Ontario tourism by generating funds to directly support tourism marketing, programs, projects, and product development, thus ensuring that Ontario remains competitive against domestic and international tourism destinations. The economic value of the MAT for tourism marketing is underscored by the devastating financial impact of COVID-19 on Ontario's tourism industry: as the industry recovers from unprecedented revenue losses, the MAT will be crucial to enabling the province's tourism destinations to attract domestic and international visitors back to Ontario to rebuild our industry to pre-COVID-19 levels.

### 2. Context: Tourism in Ontario and the Importance of the MAT for Industry Rebuild

### **2.1: Quick Facts About Ontario's Tourism Industry Pre-COVID-19**

Prior to the unprecedented shutdown of the industry, tourism in Ontario represented more than 400,000 workers and over 200,000 businesses. With a provincial GDP contribution of \$36 billion, annual tax revenues of \$5 billion, and annual exponential economic growth, tourism in Ontario has a greater economic impact than forestry, mining, and agriculture combined. Our industry's economic impact extended beyond tourism businesses and workers, benefiting other businesses, industries, communities, and the economy as a whole through tax revenue and community infrastructure.

### **2.2: The Economic Impact of COVID-19 on Tourism**

Since the beginning of the COVID-19 pandemic, the tourism industry has been disproportionately and significantly impacted by revenue losses, job losses, layoffs, increasing debt, and restrictions and uncertainty to reopening. The Government of Ontario estimates that the tourism industry lost 141,000 jobs between February 2020 and April 2021.

TIAO's 2022 data shows that:

- As many as 4 in 10 tourism businesses forecast profitability in 2024 and beyond
- 7 in 10 tourism businesses have taken on personal and/or commercial debt during the pandemic
- 69% of tourism businesses are concerned about how labour gaps will affect the future of the tourism industry
- The Ontario Tourism Education Corporation (OTEC) estimates that between 2020 and 2025, Ontario will lose \$34.7 billion in direct and indirect revenue from tourism and hospitality

Tourism has been the hardest hit and will be the last industry to recover in Ontario. Continued political support is necessary to rebuild, move beyond the COVID-19 pandemic, and remain a domestically and globally competitive tourism destination.

### **2.3: The Importance of the MAT for Tourism Rebuild in Ontario**

The Government of Ontario has supported the tourism industry with various grants and support programs throughout the pandemic, but these financial supports are nearing or have reached their end date. As such, the tourism industry will need to rely on the Municipal Accommodation Tax (MAT) to develop and support tourism businesses. In lieu of government grants, the revenue from the MAT will help sustain and ensure local tourism businesses have a continual source of financial support via the local tourism marketing and product development investment that the MAT provides. In order for the industry to move forward with long-term economic recovery and to remain a competitive tourism destination within Canada and globally, the MAT is an increasingly necessary stream of reliable revenue that will support tourism businesses.

## **3. Challenges with the Current MAT Framework and TIAO's Recommendations**

The MAT has been successfully implemented across many regions of the province. However, the regulatory framework of the *Transient Accommodation Tax, 2017* requires amendments to ensure that it best achieves its objective of amplifying local tourism marketing. With the MAT being a joint effort by municipal government, provincial government, and the tourism and hospitality industry, it is imperative that all parties work together to address current gaps in the framework so that the MAT can be best leveraged for business.

To optimize the effectiveness and utility of the MAT for our tourism organizations, we propose possible amendments to O. Reg. 435/17 *Transient Accommodation Tax, 2017* under the *Municipal Act, 2001* to ensure that it continues to support and cultivate tourism across the province now and for the future. The following recommendations have been formulated in consultation with

destination marketing organizations, regional tourism organizations, tourism entities, and municipal and economic development officials in rural municipalities in Ontario.

A condensed list of all of the below recommendations can be found in the Appendix at the end of this document.

### ***3.1: Addressing MAT Challenges in Rural Municipalities vis-a-vis Short-Term Rental (STR) Accommodation Platforms***

The current MAT framework affords municipalities extensive latitude in determining the transient accommodations that should be required to collect and remit MAT, entering into MAT collection agreements, and in enforcing compliance. While this has generally not been a problem in MAT collection from hotels, motels, bed-and-breakfasts, and cottages, it is increasingly posing a problem when municipalities attempt to engage in and enforce MAT collection from unregulated short-term rental (STR) accommodation platforms such as Airbnb and Vrbo. This challenge pertaining to STR platforms exists almost across the board for municipalities of all sizes, but is a pronounced problem in small, rural municipalities with fewer resources (which is the primary focus of this document).

The current MAT framework lacks a mechanism to compel all transient accommodations within a municipality that has legislated the MAT to be subject to MAT bylaws. As a result, municipalities are left to enter into MAT collection agreements directly with the head offices of STR accommodation platforms. While this has not been a major issue in urban centres such as Toronto and Ottawa, small rural municipalities with fewer resources and less capacity have reported major challenges entering into MAT agreements with STR platforms and enforcing compliance. Stakeholders have noted that the overseas head offices of STR platforms are extremely difficult to reach and work with on regulatory matters and some have instead attempted to strike MAT collection-remittance agreements with individual STR accommodators, which is cumbersome itself. Such challenges have been reported by tourism officials in Belleville, Peterborough, Barrie, Sarnia-Lambton, Prince Edward County, Quinte West, Kingston, and Thunder Bay, just to name a few.

For instance, while major municipalities such as Toronto and Ottawa have successfully signed MAT agreements with Airbnb, rural municipalities have been less successful. Airbnb has also recently stopped entering into MAT agreements with municipalities. With over 400 municipalities in the province, Airbnb has cited its preference to deal directly with the province on a MAT agreement rather than negotiate hundreds of separate MAT agreements. Until Airbnb returns to the table, rural municipalities have been locked out of MAT discussions with the largest STR platform.

Accordingly, in the City of Peterborough, the municipal MAT bylaw only mandates MAT collection from chain hotels because it is too difficult to collect MAT from STR platforms: the assessment for MAT on STRs is too difficult and so is not happening. Elsewhere in Peterborough County, the regional destination marketing organization works with 8 additional rural municipalities with little or no STR regulation or licensing. Lack of regulation has made it impossible to collect from STRs, with collection only possible from fixed roof accommodators. This has led to such strong pushback from fixed roof accommodators about an 'uneven playing field' that the 8 rural municipalities have decided against collecting MAT altogether, producing substantially less funding regionally for tourism promotion. As the sole MAT contributor in the county, the City of Peterborough has consequently deemed its MAT revenues as being for the benefit of the city's tourism businesses rather than the region, pitting municipalities against each other.

Even in municipalities where the MAT is collected and remitted by STR platforms, the fact that the collection takes place on the back end of the booking platform makes it difficult for municipalities to ascertain whether the STR platform is in fact collecting and remitting the full amount of the MAT. In

some cases, evidence from Kingston suggests that STRs may be avoiding paying the MAT by converting MAT-eligible short-term stays to MAT-exempt medium stays of 30 days or more.

In Prince Edward County, a licensing program for STRs is in place to enforce MAT collection and remittance compliance but it is not foolproof and has produced added municipal costs which smaller municipalities may not be able to afford. For instance, despite the municipal bylaw in Georgina regulating STRs and requiring them to be licensed, only a handful of STRs are actually doing so. Moreover, the costs of compliance may be greater than what would actually be collected. This is the case in Georgina, where stakeholders have noted that the cost of simply hiring the staff required to enforce compliance from STRs would use up the municipal portion of any MAT revenues that could be collected.

With the dramatic increase in STR demand from visitors expected to continue, this offers huge potential for additional revenue if STR accommodations are included in MAT collection and if STR collection and remittance of MAT is consistent. As it stands, municipalities and destination marketing organizations are losing out on substantial amounts of revenue. Given the exit of Airbnb from all future municipal MAT agreements until further notice, we are looking to the province to intervene in order to support the collection of MAT from STR platforms.

We would like to ensure collection consistency among all providers of transient accommodations within and across municipalities where MAT is implemented as a measure that would benefit the community. Importantly, as visitor usage of STR accommodations continues to surpass traditional accommodations (e.g., hotels, motels, B&Bs, cottages), it is critical that STR accommodations be subject to the same MAT regulations as traditional accommodations.

**As such, we recommend:**

- **Introducing a measure in O. Reg. 435/17 *Transient Accommodation Tax, 2017* to mandate the collection of the MAT from all operators of transient accommodation in municipalities that have adopted the MAT where its collection is deemed to be of benefit to the local tourism economy.**

### ***3.2: Inclusion of Visitor Accommodations at Colleges and Universities within the MAT Framework***

Removing the regulatory exemption of college and university residences that function as hotels and short-term accommodations and not as standard student accommodation, will greatly increase the funding that tourism businesses can then leverage to expand operations, create jobs, and increase the overall GDP contribution of tourism in Ontario. Further, this will provide the opportunity for colleges and universities that directly benefit from tourism promotion when securing contracts to host major events to provide funds that support the continuation of that work. This additionally supports the fair and consistent MAT taxation of all transient accommodations within a municipality that has enacted the MAT.

In reference to the Application; Limit re imposition of tax Section 3, **we recommend the removal of the limit that states:**

“3. A municipality is not authorized to impose taxes under section 400.1 of the Act in respect of the purchase of transient accommodation at a university or a college of applied arts and technology or post-secondary institution whether or not affiliated with a university, the enrolments of which are counted for purposes of calculating operating grants entitlements from the Crown.”

We emphasize that the removal of the exemption for visitor accommodations at colleges and universities should apply strictly to non-student revenue generated.

### ***3.3: Maximizing the Extent to which MAT Funds are Utilized to Finance Tourism Marketing and Product Development***

In cases where there is a revenue-sharing agreement between the municipality and the eligible tourism entity receiving the MAT, the municipality currently retains the right to utilize its share for the purposes that it sees fit. While many municipalities do direct the municipal share to tourism-related investments and projects, this is not always the case (nor is it currently required). Stakeholders have therefore expressed concern that this arrangement leaves money on the table that could otherwise go to tourism marketing and product development.

Given that the recovery of local tourism economies heavily depends on the capacity of destination marketing organizations and other tourism entities to market to domestic and international visitors, and given that tourism recovery in Ontario is expected to take years, it is critical to maximize the existing sources of revenue for tourism marketing and product development.

**As such, we recommend:**

- **Under Section 5 (4), where no destination marketing program exists on the day before the MAT comes into effect, reduce the municipal share of the MAT revenues to 25 per cent**

This would ensure that more funding is available explicitly for the purposes of tourism promotion, to be utilized by the eligible tourism entity. Additionally, to achieve this objective, we suggest the implementation of an official rate change process for an increase or decrease of the MAT to prevent municipalities from increasing or decreasing the rate at their own discretion.

**We recommend that:**

- **An official change to the rate of the MAT tax be voluntary for the impacted businesses, and that this application for a rate change be coordinated by municipal Council consulting directly with the eligible tourism entity and the accommodation sector, to reach a mutual agreement.**

### ***3.4: Improving Consistent Application of the MAT***

The latitude afforded to municipalities in choosing how they implement the MAT has also resulted in inconsistency in MAT application between municipalities. The different models available has made it more difficult for municipalities to negotiate MAT agreements with STR platforms.

Moreover, as noted in section 3.1 of this document, the lack of official guidance on collecting MAT from STR platforms has deterred some rural municipalities from collecting MAT altogether to avoid subjecting only fixed roof accommodators to the tax. Lack of guidance has made it extremely resource-intensive for small municipalities to determine how to go about implementing the MAT and the best practices involved. Sourcing this information from other municipalities can be extremely time-consuming and resource-intensive for small municipalities.

Among accommodations and STR platforms, this lack of official government guidance has also created confusion and inconsistency in HST application on the MAT, resulting in some STR platforms collecting and remitting less HST than is required. It has also created uncertainty as to which party



should remit the HST in cases where a third party collects the MAT from accommodations and distributes the revenues to the municipality and tourism entity. Such uncertainties can be costly in terms of legal consultation and in the event that parties come under official tax audit.

**We therefore recommend:**

- **Producing an official government resource on the purpose of the MAT, possible models of MAT implementation (especially where the tourism entity is not a standalone entity from the municipality), applying the HST on the MAT (and guidance on how the HST is to be remitted), and a toolkit for best practices**

Previously, a government document was provided on the MAT's predecessor, the Destination Marketing Program/Destination Marketing Fee, outlining the purpose of the program, what it was for, and areas of consideration when deciding to implement it. We believe the government should similarly have a role in providing resources for the MAT to offer greater clarity to municipalities, tourism entities, and businesses participating in the MAT and those considering it. Within this document, guidance should also be provided clarifying the purpose of the municipal share of the MAT revenues where it applies.

### **3.5: Clarifying the Purpose of the MAT**

To ensure consistent interpretation of the purpose of the MAT, **we recommend that the legislation be amended to include a detailed Program Purpose statement such as the following:**

- *"The purpose of the Municipal Accommodation Tax (MAT) is to assist designated recipients to fund tourism marketing, programs, projects, and product development. The MAT is designed to amplify Ontario's tourism marketing efforts in an increasingly competitive marketplace."*

Additionally, to ensure that the funds collected through the MAT are used exclusively to augment current funding, **we recommend:**

- **The creation of a restriction stating that MAT funds cannot be used to replace existing sources of tourism funding in a community and that municipalities are required to have a local tourism strategy in place prior to implementing the MAT.**

Such a strategy should specify that MAT funds not be used to replace the core funding of a tourism entity receiving the MAT (e.g., a destination marketing organization). This would ensure that MAT funds are actually used for their intended purpose, which is to amplify local tourism marketing and product development.

Though it is not currently required, the spending of the portion of MAT funds held by the municipality should additionally have a clear and explicit link to the benefit of tourism in the region. As these monies are generated by the visitor economy, they should arguably be reinvested back into the visitor economy to support the capacity of the local tourism sector to self-finance tourism promotion. **We recommend:**

- **A legislated mechanism to include tourism stakeholders and not only municipal officials and representatives of the Council in the allocation decisions of the part of the MAT retained by the municipality.**

### **3.6: Clarifying Interpretations of Tourism Promotion and Eligible Tourism Entities**

To provide greater clarity of interpretation, we recommend that the following amendments be made to the existing O. Reg. 435/17 Transient Accommodation Tax:

In reference to the **Interpretation Section 1 (2)** which states, “For greater certainty, the expressions ‘promotion of tourism’ and ‘promoting tourism’ include the development of tourism products,” **we recommend that for greater certainty the following interpretation be included:**

- *The expression “development of tourism products” refers to the allocation of funds from the MAT used in a capacity that directly aligns with the tourism industry, and the exclusive mandate to increase both domestic and international visitation.*

In reference to **Interpretation Section 1 (1)** which states, “In this regulation, ‘eligible tourism entity’ means a non-profit entity whose mandate includes, the promotion of tourism in Ontario or in a municipality,” **we recommend that for greater clarity the following additions to the interpretation be made:**

- *In this regulation, “eligible tourism entity” means a non-profit entity whose mandate focuses primarily on the promotion of tourism in Ontario or in a municipality within Ontario. It is required that the eligible tourism entity be a separate and distinct, stand-alone not-for profit organization. The non-profit entity is required to spend the allotted funds from the MAT on tourism promotion, inclusive of product development, in the pursuit of increasing domestic and international visitation to Ontario or in a specific municipality within Ontario.*

### **3.7: Ensuring Eligible Tourism Entities Have Timely Access to MAT Revenues**

It is imperative that eligible tourism entities have timely access to MAT revenues to reliably support tourism promotion activities. As such, in reference to the “Revenue sharing – destination marketing program exists when a tax is imposed” and “Revenue sharing – no destination marketing program exists when tax imposed” **we recommend that a penalty and enforcement mechanism be added that:**

- *Requires the municipality to provide the funds allocated to the eligible tourism entity within a 3-month time period from the pre-determined payment periods for each full or partial fiscal year.*

### **3.8: Exempting the Out-of-Pocket Expense Accommodations Pay for the Credit Card Processing Fee Charged on MAT**

An accommodation provider that participates in the collection of the MAT should be able to retain the credit card processing fee charged on the MAT amount by the credit card companies. Accommodation providers currently absorb the additional processing fee, which increases the burden on the business.

Example: A 125 room hotel located in a community where the municipality has enacted a 4% MAT:

- At a rate of 65% occupancy with \$120 nightly rates, the total room revenue would be \$3,558,750
- 4% MAT = \$142,350

- A 3% credit card processing fee would result in an added cost of \$4,270 a year.

Exempting the credit card processing fee will help relieve the burden of overall business costs. The money that is returned to businesses could assist in hiring more staff, paying down COVID-19 debts, investing back into their business, or renovations – supporting commercial recovery from the pandemic.

**We therefore recommend:**

- **Exempting the credit card processing fee costs accrued through the charging of the MAT.**

#### **4. Appendix: Summary of TIAO's Recommendations to Amend the MAT Framework**

##### **Addressing MAT Challenges in Rural Municipalities vis-a-vis Short-Term Rental (STR)**

###### **Accommodation Platforms**

- (1) Introducing a measure in O. Reg. 435/17 *Transient Accommodation Tax, 2017* to mandate collection of MAT from all transient accommodations in municipalities that have implemented the MAT

###### **Inclusion of Visitor Accommodations at Colleges and Universities within the MAT Framework**

- (2) Removing the MAT framework exemption for transient accommodations at colleges and universities generating non-student revenue

###### **Maximizing the Extent to which MAT Funds are Utilized to Finance Tourism Marketing and Product Development**

- (3) Reducing the municipal share of the MAT revenues to 25 per cent in municipalities where no destination marketing program exists on the day before the MAT comes into effect
- (4) Implementing an official rate change process for an increase or decrease of the MAT, making a rate change to the MAT voluntary for impacted businesses and coordinated by Council in consultation with the eligible tourism entity and the accommodation sector

###### **Improving Consistent Application of the MAT**

- (5) Producing an official government resource on the purpose of the MAT, possible models of MAT implementation, applying the HST on the MAT, HST remittance, and a toolkit for best practices

###### **Clarifying the Purposes of the MAT**

- (6) Including a detailed Program Purpose statement for the MAT in the O. Reg. 435/17 *Transient Accommodation Tax, 2017*
- (7) Creating a restriction stating that MAT funds cannot be used to replace existing sources of tourism funding in a community and that municipalities are required to have a local tourism strategy in place prior to implementing the MAT
- (8) Including a legislated mechanism to include tourism stakeholders and not only municipal officials and representatives of the Council in the allocation decisions of the part of the MAT retained by the municipality

###### **Clarifying Interpretations of Tourism Promotion and Eligible Tourism Entities**

- (9) Defining the expression "development of tourism products" found in Interpretation Section 1(2) of O. Reg. 435/17 *Transient Accommodation Tax*
- (10) Defining the term "eligible tourism entity" found in Interpretation Section 1(1) of O. Reg. 435/17 *Transient Accommodation Tax*

###### **Ensuring Eligible Tourism Entities Have Timely Access to MAT Revenues**

- (11) Adding a penalty and enforcement mechanism to require the municipality to provide the funds allocated to the eligible tourism entity within a 3-month time period from the pre-determined payment periods for each full or partial fiscal year

**Exempting the Out-of-Pocket Expense Accommodations Pay for the Credit Card Processing Fee Charged on MAT**

(12) Exempting the credit card processing fee costs accrued through the charging of the MAT

## Appendix C – TIAO’s Tourism Workforce Strategy

### ROMA 2023

The COVID-19 pandemic exacerbated an already tight labour market. Many Ontarians who formerly worked in the tourism and hospitality industry moved to other industries and occupations. As a result, there has been an 81% increase in Ontario tourism and hospitality job postings in Spring 2022 compared to Spring 2019.

With tourism businesses unable to hire the staff they need, and existing staff capacity strained by COVID-related worker absences and burnout, the labour crisis is affecting the ability of businesses to meet visitor demand. The majority of tourism operators cite staffing challenges as the greatest barrier to recovery. According to recent data:

- 69% of tourism businesses in Ontario are concerned about how recruitment and retention challenges will affect the future of the industry (TIAO survey)
- Between 2020 and 2025, Ontario will lose \$34.7 billion in direct and indirect tax revenue from tourism and hospitality (Ontario Tourism Education Corporation projection)

To rebuild, Ontario needs an industry-specific workforce strategy addressing the unique and systemic barriers to workforce development. Below is TIAO’s *Tourism Workforce Strategy*, as outlined in our **2022 State of the Ontario Tourism Industry Report**. Note that the recommendations outlined fall under both provincial and federal jurisdiction.

#### **1. Promoting Tourism as a Career**

General public awareness of tourism and hospitality careers is limited. For instance, student exposure to tourism and hospitality careers tends to be limited to accommodations, food and beverage, and front of house or kitchen staff positions. 64% of tourism operators think that government does not effectively promote tourism as a possible career. A career in tourism can include areas such as: marketing, communications, management, finance, human resources, office administration, lobbying/government relations, guest services/customer service and event planning/designing. Further, temporary jobs exist alongside long-term careers, and the array of sectors under one umbrella offer the unique benefit of job-mobility while staying within the industry.

Work-integrated learning opportunities are beneficial to expand students’ perceptions. For example, the Toronto District School Board (TDSB) offers the Be Our Guest program for high school students. Programs like A Three Fires Collaborative Quest bring awareness and offer work opportunities to Indigenous peoples in the tourism space. Showcasing the benefits of working in hospitality will position the sector as both attractive and diverse.

Approaching students with opportunities to discover in-demand career paths within tourism and hospitality can start as early as Grade 1. Where applicable, such programs should bring in special guests that combat gender stereotypes associated with the profession. Moreover, sharing diverse career paths with parents, educators, and guidance counsellors can contribute to these efforts.

Micro-credential courses in skills relevant to tourism and hospitality, including customer service and management, serve as a convenient and affordable means of upskilling workers for jobs in the sector.

**We recommend:**

- Confer with TIAO and industry stakeholders to develop marketing communications and jobseeker resources that convey the range of career opportunities available in tourism and hospitality.
- Continue to support job-matching initiatives like A Three Fires Collaborative Quest.
- Support the development and expansion of work integrated learning programs, such as [Be Our Guest](#), a partnership among the TDSB, George Brown College, and hospitality centres.
- Continue to support targeted, industry-led workforce programs that boost recruitment and retention from underrepresented groups.
- Continue to support micro-credential programming targeted towards jobseekers looking for a career in tourism and hospitality and workers looking to upskill within the industry.
- Implement a Career Exploration Program in elementary schools that introduces children, parents, and educators to a wide range of in-demand career options.
- Implement a Career Mentorship Program and co-op vocational training at the high-school level with particular focus on sectors of the economy where job vacancy rates are expected to be the highest.

## **2. Optimizing Work Placement Opportunities**

Postsecondary co-op terms are aligned with the school calendar year rather than industry needs. As such, students do not experience a business's peak commercial season, particularly in attractions, resorts, and seasonal tourism businesses. This deprives students of valuable work experience in the industry they are pursuing while also leaving businesses in need of support during periods of peak commercial activity. Additionally, by incentivizing employers, government can expand the pool of placements.

### **We recommend:**

- Revisit postsecondary co-op term dates for the tourism and hospitality industry to ensure tourism businesses can offer a professionally rewarding placement.
- Offer incentives to employers working with young jobseekers, including those in work-integrated learning placements.

## **3. Recruiting and Retaining International Talent**

In Ontario, domestic student enrolment in tourism and hospitality postsecondary programs is far outpaced by international enrolment. According to Statistics Canada, 29.9% of Ontario college students are international, making up substantial portion of tourism and hospitality programs. For instance, at Centennial College, a major player in Ontario's tourism and hospitality postsecondary education:

- 2-Year Tourism Program: 92% international enrollment

- 3-Year Advanced Diploma in Hospitality and Tourism Administration: 55% international enrollment
- 86% of Centennial international students reported that they planned to apply for a post-graduate work permit

Strong international uptake creates an opportunity to recruit global talent to bolster our workforce. Unfortunately, as of September 2022, there remain significant backlogs within Immigration, Refugees and Citizenship Canada for international student permits.

Moreover, available immigration streams through federal and provincial routes are targeted at TEER 0 (management jobs), TEER 1 (professional jobs), and TEER 2 and 3 (technical and skilled trades) in qualifying work experience and job offers. This includes the federal Express Entry pathway and the Ontario Immigrant Nominee Program (OINP), a joint government program that allows immigrants to apply for permanent residence, should they have the skills and experience needed in Ontario's economy.

These programs could be improved to serve the tourism industry and the economy better. Not only are the requirements out of reach for many recent graduates in tourism and hospitality, but by disqualifying most tourism and hospitality jobs from eligibility (as they tend to be in TEER 4), it actively encourages international students to leave the industry they trained for to remain in Ontario—or leave Ontario altogether if they want to pursue a career in tourism and hospitality. Express Entry (Canadian Experience Class) and the OINP overlook the labour market needs of tourism and hospitality businesses, which tend to have difficulty filling lower-skilled frontline positions on a permanent and reliable basis. Consequently, Ontario's tourism industry loses out annually on a promising pipeline of international talent, exacerbating longstanding challenges in attracting and retaining talent.

With over 80,000 jobs projected to go unfilled in the industry by 2025, the need is urgent to reliably secure labour over the long-term. Allowing the tourism industry to permanently and reliably access external non-specialized workers would also help fill chronic labour shortages.

Immigration Program	Current Eligibility	Proposed Additional Eligibility
<b>Canadian Experience Class (Express Entry)</b>	<ul style="list-style-type: none"> <li>- Managerial jobs (TEER 0)</li> <li>- Professional jobs (TEER 1)</li> <li>- Technical jobs and skilled trades (TEER 2 and 3)</li> </ul>	<ul style="list-style-type: none"> <li>- Jobs requiring a high school diploma or several weeks of on-the-job training (TEER 4)</li> </ul>
<b>Ontario Immigrant Nominee Program (ONIP) (International Student Stream)</b>	<ul style="list-style-type: none"> <li>- Managerial jobs (TEER 0)</li> <li>- Professional jobs (TEER 1)</li> <li>- Technical jobs and skilled trades (TEER 2 and 3)</li> </ul>	<ul style="list-style-type: none"> <li>- Jobs requiring a high school diploma or several weeks of on-the-job training (TEER 4)</li> </ul>



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#### **We recommend:**

- Address the immigration backlog of 151,000 international students and develop processes to prevent future backlogs.
- Amend the Canadian Experience Class (Express Entry) to include TEER 4 in qualifying job offers and work experience.
- In consultation with industry, launch a 2-year 'Introduction to Canada' visa targeted at entry-level skillsets, with a pathway to permanent residency.
- In consultation with industry, amend the Ontario Immigrant Nominee Program (OINP):
  - Include TEER 4 and TEER 5 occupations for qualifying job offers and work experience given that in-demand frontline positions in tourism and hospitality are heavily represented in those categories.
  - Increase the number of newcomers allowed to enter under the OINP from 9,000 to 18,000.
  - Allow OINP work permit applicants to qualify for two-week processing timelines offered for Global Skills Strategy applications.
- Ensure that newcomer settlement programs are prioritizing employment and training opportunities for Ontario's most high-demand occupations.

#### **4. Securing Essential Workers in Resort and Hospitality Sectors**

Resort and hospitality sectors are highly service-dependent, relying on frontline workers. However, frontline workers can be difficult to recruit – particularly for housekeeping, cleaning, and groundskeeping staff. This longstanding issue deteriorated further during the pandemic when many workers dispersed to other industries. Resorts also suffer from the decreased availability of working students, due to the shift to online learning.

Efforts to address staffing at airports have been another area of focus in the wake of the pandemic. Between April and August of 2022, over 1,700 Canadian Air Transport Security Authority (CATSA) screening officers were hired across Canada. To support staffing at airports, pre-qualifying workers for airport positions is advised. Allowing potential workers to begin or obtain their Transportation Security Clearance in advance of an offer of employment would enable employers to access a ready pool of qualified candidates. Transportation Security Clearance is required for a Restricted Area Identity Card (RAIC), which allows an employee to work in the restricted areas of the airport.

The Temporary Foreign Worker Program (TFWP) has been a critical pathway for essential workers. However, barriers limit the extent to which resort and hospitality sectors can leverage the TFWP. While recent federal changes to the program have enabled accommodation and food and beverage businesses to hire up to 30% of full-time equivalent staff through the TFWP, this change is temporary. Tourism and hospitality businesses in high unemployment regions will be able to use the TFWP to fill persistently vacant essential positions; however, the process to do so is costly, as businesses are required to submit a Labour Market Impact Assessment (LMIA) to demonstrate that

there are no Canadian candidates available to fill the job. Currently there are 130,070 vacancies within Canada's accommodation and food services sectors.

**We recommend:**

- Revisit the LMIA requirements under the TFWP to remove unnecessary costs and burdensome regulation and to ensure the TFWP meets the needs of the tourism and hospitality industry.
- Improve the efficiency in processing times for the Temporary Foreign Worker Program (TFWP).
- Fund a pilot program, to produce a pool of candidates with Restricted Area Identity Card (RAIC) by establishing a process to pre-qualify workers for jobs at airports. Specifically, allow applicants to begin or obtain their Transportation Security Clearance in advance of receiving an offer of employment.
- Establish a process to pre-qualify workers for jobs at airports, by allowing them to begin or obtain their Transportation Security Clearance in advance.
- Extend the temporary 30% hiring cap for accommodation and food and beverage sectors under the TFWP.

### **5. Investing in Future Talent**

Tourism and hospitality play a critical role in providing first jobs and foundational skills for many of Ontario's youth. Customer service training prepares students for the workplace, with service skills transferrable to all sectors. As work environments evolve, social and emotional skills such as problem-solving, decision-making, communication, teamwork, and adaptability are becoming more important to success and retention in all industries, including in service-intensive industries like tourism and hospitality.

To further develop these social and emotional competencies into job-ready skills, **we recommend:**

- Integrate service excellence training and certification consistently across the Ontario high school careers curriculum.

Furthermore, to cultivate early career interest, high school co-op programs offer a way to combine course-based learning with experiential on-the-job learning, enabling students to gain both knowledge and practical experience in a focused discipline. Ontario's Ministry of Education has invested \$39.6M over three years to expand its Specialist High Skills Major (SHSM) program, which includes a Hospitality and Tourism stream. Continued support for such programs is increasingly important as the industry works to reverse a declining talent pipeline.

To increase recognition of the professional knowledge and experience gained through the Tourism and Hospitality SHSM, **we recommend:**

- Elevate the Hospitality and Tourism SHSM to an industry-recognized accreditation to recognize the skills and knowledge gained through the program and its value to tourism and hospitality employers.

## **6. Data-Driven, and Locally-Specific Decision-Making**

Across Ontario, regional differences exist in economic opportunities, workforce dynamics, and post-pandemic recovery. It is imperative to ensure workforce development decisions and policies reflect real-time, and regionally specific economic needs.

Tourism SkillsNet Ontario (TSNO) is an example of data-driven decision-making in tourism. Led by the Ontario Tourism Education Corporation (OTEC), the initiative enables stakeholders to develop strategies for local recruitment and training models, based on industry needs.

### **We recommend:**

- Work with industry to establish a common tourism labour market data and forecasting strategy that supports evidence-based recovery planning.
- Support Tourism SkillsNet Ontario's efforts to coordinate consistent, evidence-based regional labour market planning in member destinations across the province.
- Support workplace-based training and consulting services specifically designed for SMEs' unique needs as they struggle to recover.