Tourism Industry Association of Ontario

TIAO's Consultation Response for the Federal Tourism Growth Strategy

August 2022

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Thank you for the opportunity to participate in this consultation. We thank the Government of Canada for its ongoing support of the tourism industry and we look forward to continued collaboration to chart a path forward for tourism growth and prosperity in Canada. As we emerge from the pandemic, the type of challenges that the tourism industry faces are changing, but no less critical than those of lockdown and restrictions on movement.

About TIAO

The Tourism Industry Association of Ontario (TIAO) works on behalf of its membership, collectively representing 200,000 businesses and 400,000 employees to take on pressing policy issues that impact Ontario's tourism industry. TIAO leads the way in government relations on behalf of tourism businesses and operators, destination marketing organizations, regional tourism organizations, and educators. We provide evidence-based policy recommendations to ensure all levels of government understand and address the multifaceted needs of the tourism industry.

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, 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.

Context

After two unprecedented and uncertain years, tourism in Ontario is on its way to rebuilding the economic impact of a $36 billion industry. With the support of the Government of Canada, tourism operators are using their entrepreneurial innovation to move forward. But there are still a number of barriers to overcome for tourism businesses to fully leverage the opportunities available for growth and prosperity.

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. According to TIAO's 2022 data, 55% of tourism businesses are generating 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. Northern Ontario resource-based tourism operators have accumulated on average $187,000 in debt (NOTO, 2022). With border restrictions still in place, northern Ontario tourism sectors have lost $100 million to date 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 Canada.

In this submission, we outline a comprehensive multi-pronged strategy to build on Canada's reputation as a world-class destination and plot a course for growth, investment, and stability. The key issues and recommendations discussed speak to labour gaps and instability, investment attraction and destination development, and long-term economic growth across the country. We have grouped these key issues and recommendations under four broad headings:

- Economic
- Labour
- Infrastructure
- Sustainable Tourism

ECONOMIC

In order for the tourism industry to grow, attract investment, and remain sustainable and resilient over the long-term, we must address the economic barriers stemming from the COVID-19 pandemic and the systemic barriers impeding the full potential of the tourism industry. Growing Ontario's and Canada's tourism offer begins with ensuring the financial viability and sustainability of the small and medium-sized tourism businesses which comprise world class visitor experiences that Canada is known for. Small and medium-sized tourism businesses have been hardest-hit over the course of the pandemic.

Moving forward requires immediate action to help operators resolve soaring debt, support the capacity of operators and destinations to remain competitive, and ensuring that long-term strategic investments support the needs of the tourism industry.

Debt Relief

The COVID-19 pandemic has put significant financial strain and burdens on businesses across Canada. Province-wide lockdowns, capacity restrictions, indoor closures, revenue losses, and ongoing expenses have left many businesses struggling with an unsustainable amount of debt. TIAO's own research, from April 2022, shows that 7 in 10 businesses have taken on debt to remain afloat, with 20% over $100k in debt; at least 7 in 10 businesses have taken on federal CEBA (Canada Emergency Bank Account) and RRRF (Regional Relief and Recovery Fund) loans; and despite having reopened, TIAO estimates that most businesses will not reach financial stability until 2024/2025.

However, the situation is exacerbated for unincorporated businesses such as sole proprietors. Sole proprietors have been disproportionately unable to access (or fully access) critical funding opportunities due to business type. This includes several key COVID-19 relief programs such as the Tourism Relief Fund and the Ontario Tourism Recovery Program, as well as the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy. As a result, Ontario's small tourism operators are beginning their recovery at a significant financial disadvantage and with a longer time to financial stability and profitability.

In northern Ontario, the situation is magnified, where up to 60% of the resource-based tourism sector is unincorporated. On top of that, evolving border restrictions have severely curtailed tourism operations since 2020, as operators are dependent on US guests for between 60% and 100% of clientele—and the US market has yet to return. Moreover, efforts to attract the domestic market have been ineffective, especially for remote locations and the northwest, as the US market is geographically closer and therefore the dominant clientele. These factors have put northern operators at a financial disadvantage, with debt skyrocketing: According to a 2022 survey from Nature and Outdoor Tourism Ontario, RBT operators have accumulated on average $187,000 in debt.

Debt directly impacts the capacity for tourism businesses to hire necessary staff and pay competitive wages, to resume full capacity operations, maintain cash flow, cover the cost of rising expenses (including rising commercial insurance premiums), undergo necessary upgrades and renovations to their business, and to recover.

We thank the Government of Canada for its support of small business recovery through the extension of the interest-free repayment period for CEBA and RRRF loans from their previous end date of December 31, 2022 to December 31, 2023. But while this extension will provide some relief, it will not be enough given the slow pace of recovery and rebuild across Ontario and across Canada. Further debt relief is needed to support the viability of small and medium-sized tourism businesses. In ensuring their sustainability and capacity to meet rising visitor demand, debt relief will help grow our industry's tourism offer.

TIAO recommends:

- Increasing both CEBA's and the RRRF's maximum loan forgiveness amount by up to $10,000 if the remaining balance of the loan is repaid by the end of qualifying period for partial loan forgiveness;

- And extending the interest-free repayment period (I.e., the qualifying period for partial loan forgiveness) for CEBA loans and RRRF loans to December 31, 2024.

Supporting the Return of Events, Meetings, and Conventions

Business travellers spend 4 times more than leisure travellers. Meetings and conventions are critical to the hotel sector, with economic benefit extending to event suppliers including event planners and designers, food and beverage, and transport operators—not to mention the wider benefit to the local tourism economy. As such, encouraging business travel to get US, international, and domestic visitors back to Canada is crucial to rebuilding the tourism industry's economic impact. It is imperative that provincial and federal messaging begins to shift to promote Canadian destinations as safe for travel and open for business.

However, it is also critical to maximize the capacity of meeting, convention, and event hubs such as Toronto and Ottawa to be able to compete against other global hubs in attracting major events. But given the impact of COVID-19 on destination marketing budgets, the cost of submitting competitive bids has risen enormously.

Simultaneously, major cultural events and entertainment productions are bypassing Ontario cities for North American locations with more favourable tax incentives. And with hybrid events here to stay post-pandemic, the cost of putting on these events has risen dramatically, particularly for small and medium-sized operators. Government support is therefore required to enable the province's meeting, convention, and event hubs to successfully bring back major business events, trade shows, and conventions to generate revenue, tax dollars, and good jobs. This will help support the competitiveness of Canada's meeting, convention, and events sector against international competitors—in the process, contributing to destination development.

TIAO recommends:

- Support for a communications and investment strategy promoting Canada as a premier destination for safe travel for local, domestic, and international visitors.
- Developing a fund to support the delivery of high-quality hybrid events for small and medium-sized enterprises that have limited resources and capacity to do so.
- Creating a subsidy for meeting, convention, and event hubs to enhance competitive bids for major business and cultural events.
- Developing a tax credit program providing a 20-25% tax credit/rebate on labour and production capital expenses for live productions produced, co-produced, or presented by Canadian-based companies; this could function similarly to the Ontario Film and Television Tax Credit and the Canadian Film or Video Production Tax Credit.

Incorporating the Tourism Industry into Long-Term Strategic Investments

With the industry as a whole vulnerable to capacity restrictions and lockdowns, long-term strategic investment is needed to support the development of adaptable and resilient tourism business strategies. As visitors are returning to Canada, tourism businesses are still facing a number of barriers impeding growth: TIAO's own research shows that 55% of Ontario tourism businesses are generating less than half of their usual pre-COVID revenues; 6 in 10 businesses are concerned about paying off the debt they have accumulated to stay afloat; 92% of tourism businesses are concerned about the future of the tourism industry in Ontario; and tourism operators' number 1 concern is recruitment and retention and how the systemic labour crisis will impact the future of tourism in Ontario.

This underscores the need to engage in long-term planning and strategic investment which supports the rebuild and growth of the tourism industry, but which also supports its resilience against the economic impacts of any future travel disruptions, including extreme weather events. With segments of rural and Northern tourism operators vulnerable to border shutdowns and reductions in US visitors, long-term strategic investment is needed to support their immediate and long-term cultivation of domestic markets.

As such, **we recommend:**

- Incorporating the needs of the tourism industry into long-term planning and investment. This includes:
- *Targeted investments – for instance, tax credits for non-First Nation tourism business owners who sell to First Nation entrepreneurs; a tax credit/rebate on labour and production capital expenses for Canadian live productions; a fund to enhance competitive bids for major business and cultural events*

- *Continued investments to address systemic barriers to growth – for instance, strategies to grow tourism's workforce; increasing the supply of affordable housing; connecting rural destinations through passenger rail and bus links; building more electric vehicle charging stations; and upgrading broadband and transportation infrastructure in rural regions.*

LABOUR

It is important to remember that the labour crisis is not the product of COVID-19. Rather, it is the result of longstanding and systemic factors, including lack of public awareness of the breadth of tourism careers, reputational concerns, declining domestic enrolment in tourism and hospitality postsecondary programs, and lack of reliable and sustainable sources of labour through current immigration pathways. Added to these factors are the lack of affordable housing, lack of reliable public transportation, and the rising cost of living—all of which impact recruitment and retention. Consequently, prior to COVID-19, the Ontario Tourism Education Corporation (OTEC) estimated that 80,000 jobs will go unfilled, costing the tourism industry billions of dollars lost in potential revenue.

The COVID-19 pandemic worsened an already tight labour market, creating a historic supply-side shock for the tourism industry. Pandemic-related income reductions, layoffs, job losses, and uncertainty have diverted many of those who formerly worked in the tourism and hospitality industry to other industries and occupations. As a result, OTEC's Labour Market Data Intelligence Model currently shows an 81.4% increase in Ontario tourism and hospitality job postings in Spring 2022 compared to Spring 2019.

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. 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 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. Between 2020 and 2025, Ontario is projected to lose $34.7 billion in direct and indirect tax revenue from tourism and hospitality (OTEC, 2022).

In order to rebuild and return to pre-COVID-19 levels of economic activity, we need to have the workforce in place to make this possible—critical to this is an industry-specific workforce strategy addressing the industry's unique and systemic barriers to workforce development. In the following sections, we have outlined ***TIAO's Tourism Workforce Strategy*** with recommended strategies to address the multi-faceted labour crisis.

Promoting Tourism as a Career

General public awareness of tourism and hospitality as a career 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—with this misperception contributing to rewarding jobs going unfilled in our industry.

In reality, a career in tourism can include areas such as: marketing, communications, management, finance, HR, office administration, lobbying/government relations, guest services/customer service, event planning/designing, and skilled services. Further, temporary jobs exist alongside long-term careers, and the array of sectors under one umbrella offers the unique benefit of flexibility to move across sectors while staying within the tourism industry.

Shifting public perception of tourism careers to focusing on the skillsets required to work in tourism additionally offers a major opportunity to recruit from beyond the existing and prospective tourism and hospitality labour pool. 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.

As such, to provide jobseekers with a breadth of career options and to support tourism's pipeline of talent, **TIAO recommends**:

- Conferring with TIAO and industry stakeholders to develop marketing communications and jobseeker resources that convey the range of careers in tourism and hospitality.
- Offering regional relocation grants to encourage jobseekers to take up tourism and hospitality jobs in rural destinations (see Australia's program of relocation assistance grants)

Retaining International Students

Domestic enrolment in tourism and hospitality postsecondary programs has been declining for years, highlighting the need to recruit from international labour pools to reliably sustain the tourism workforce.

In fact, in Ontario, domestic tourism and hospitality enrolment is far outpaced by international students. Strong international uptake in Ontario's tourism and hospitality college programs creates an opportunity to recruit global talent to bolster our workforce.

According to Statistics Canada (2021), 29.9% of Ontario college students are international.[i] But international students make up a substantial portion of tourism and hospitality programs, with anywhere from 70-90% international being commonplace among major tourism and hospitality college programs in the province.

For instance, at Centennial College, a major player in Ontario's tourism and hospitality postsecondary education:

- Centennial College's 2-Year Tourism Program is 92% international
- Centennial's 3-Year Advanced Diploma in Hospitality and Tourism Administration is 55% international

Moreover, the majority of international students in tourism and hospitality programs want to stay and work in Ontario: In the CBIE's 2021 International Student National Survey, 86% of Centennial international students reported that they planned to apply for a post-graduate work permit. This presents a huge opportunity for the tourism and hospitality industry to recruit and retain much-needed talent.

However, barriers exist which prevent international students from transitioning to gainful post-graduate employment in tourism and hospitality. International students are restricted in the types of qualifying work experience they can obtain during their studies due to the restriction on the number of working hours per week.

Significantly, available immigration streams through federal and provincial routes (e.g., the Post-Graduation Work Permit Program, Ontario Immigrant Nominee Program) are restricted to NOC Skill Type 0 (management jobs), Skill Level A (professional jobs), and Skill Level B (technical and skilled trades) in qualifying work experience and qualifying job offers. Not only is this requirement out of reach for most recent graduates in tourism and hospitality, but by disqualifying most tourism and hospitality jobs from eligibility (which tend to be in Skill Level C), it actively encourages international students to leave the industry they trained to enter if they want to remain in Ontario.

TIAO recommends:

- Amending the Ontario Immigrant Nominee Program (incl. International Student stream) to include Skill Level C in qualifying job offers and work experience
- Amending the Post-Graduation Work Permit Program to include Skill Level C in qualifying job offers and work experience
- Expanding the weekly cap on working hours for international students.

Recruiting from Beyond the Domestic Labour Pool

Available federal immigration pathways for Ontario are targeted at NOC Skill Type 0 (management jobs), Skill Level A (professional jobs), and Skill Level B (technical and skilled trades) in qualifying work experience and qualifying job offers. However, this focus overlooks 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.

With over 80,000 jobs projected to go unfilled in our industry by 2025, the need is urgent to reliably secure labour over the long-term in order to support the viability and growth of tourism and hospitality experiences.

Echoing the recommendations from the Canadian Federation of Independent Business,[ii] **we recommend:**

- Introducing a 2-year 'Introduction to Canada' visa targeted at entry-level skillsets, with a pathway to permanent residency. This would enable our industry to permanently and reliably access lower-skilled workers which are in-demand to fill chronic labour shortages.
- Amending the Ontario Immigrant Nominee Program (OINP) to include NOC Skill Level C occupations for qualifying job offers and work experience given that in-demand frontline positions in tourism and hospitality are heavily represented in NOC Skill Level C
- Increasing the number of immigrants allowed to enter under the OINP

Securing Essential Workers in Resort and Hospitality Sectors

Resort and hospitality sectors are highly service-dependent, relying on an extensive staff of frontline workers. These include kitchen staff, housekeeping staff, cleaning staff, groundskeepers, etc., - all of which are essential to operations and in high demand.

However, essential workers are difficult to recruit for a number of reasons. A major driving factor is low uptake from the domestic labour pool for frontline, essential positions - particularly for housekeeping, cleaning, and groundskeeping staff. 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 recent federal changes to the TFWP 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. And 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 still costly, as businesses are still required to submit a Labour Market Impact Assessment (LMIA). The LMIA demonstrates that there are no Canadian candidates available to fill the job.

Exacerbating the tight labour pool for frontline workers is the lack of affordable housing. This is especially the case in sought-after rural destinations, where visitor traffic has driven up housing prices such that workers cannot afford to live where the job openings are. Compounding this is the lack of affordable and reliable public transportation to facilitate worker commutes.

As visitor demand grows, resort and hospitality sectors require reliable sources of frontline workers.

TIAO recommends:

- Implementing a permanent exemption for resort and hospitality sectors vis-a-vis the Labour Market Impact Assessment (LMIA) requirement
- Permanently extending the temporary 30% hiring cap for accommodation and food and beverage sectors
- Increasing the affordable housing supply and expanding transportation links between destinations

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Investing in Future Talent

Given the critical role that tourism and hospitality play in providing first jobs and foundational skills for roughly 30% of Ontarians—especially youth—customer service training would well-prepare Canadian students for the workplace, with service skills applicable to all sectors. In fact, service skills align with in-demand competencies in the workplace. As work environments evolve and complex challenges/disruptions become more common (whether they be climate or public health related), 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-heavy industries like tourism and hospitality.

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

- Targeted investments to industry to offer service excellence training in partnership with provincial ministries of education and local school boards

Furthermore, to cultivate early career interest, we recognize high school co-op programs as a way to combine course-based learning with experiential on-the-job learning, enabling students to gain both knowledge and early practical experience in a focused discipline. Such programs are critical to promoting early interest in and training future talent for in-demand industries such as tourism and hospitality. In recognition of this, Ontario's Ministry of Education has invested $39.6M over 3 years to expand its Specialist High Skills Major program, which includes a Hospitality and Tourism stream. Continued support for such programs is increasingly important as our industry works to reverse a declining pipeline of talent.

To elevate recognition of the professional knowledge and experience gained through such programs, and the extent to which they well-prepare high school students for professional pathways (whether they take the form of apprenticeships, direct-to-workforce, or postsecondary study), **we recommend:**

- Provinces elevate hospitality and tourism co-op programs to a secondary school qualification. This would be similar to parallel programs around the world such as the T-Levels in the United Kingdom.

Data-Driven, Locally- and Regionally-Specific Decision-Making

Given the local and regional differences in economic opportunities, workforce dynamics, and the pace of post-pandemic recovery, it is imperative to ensure that workforce development decisions and policies reflect real-time, locally-specific and regionally-specific economic needs. Decision-making should therefore be data-driven, integrating local labour market analysis into policy development.

To support the collection and leveraging of such data, **we recommend**:

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

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INFRASTRUCTURE

Investing in local and regional infrastructure is a critical component of destination development. Upgrades to transportation, affordable housing, and broadband infrastructure enable visitor movement and improve the tourism offering; but crucially, they also facilitate worker movement, retention, and labour dispersion to rural areas, and support the commercial capacity of tourism businesses across the province. Investing in workforce retention and dispersion, the capacity for business growth, and the means to travel within and between destinations are integral to enabling destination development.

Below are strategies that will support the long-term growth and sustainability of Canada's tourism industry by developing infrastructure that serves the future needs of Canadians, Ontarians, and the visitor economy.

Transportation

Transportation links facilitate visitor and worker movement to, from, and within destinations across the country. Transportation infrastructure therefore directly impacts Canada's tourism product, recruitment and retention, and industry growth.

In Canada, however, the lack of comprehensive, affordable public transportation means that workers and visitors still predominantly rely on cars to get from place to place. On the labour side, this affects recruitment and retention, especially in rural destinations where reliable and regular public transportation is scarce—even in high traffic visitor destinations such as Niagara-on-the-Lake. As such, those who do not drive or do not yet have a driver's licence (including young urbanites, international students, and newcomers) miss out on opportunities to work in rural areas. This impacts the dispersion of tourism workers from urban to rural destinations.

Similarly, the dispersion of visitors from urban to rural destinations is impeded, with multi-destination travel beyond urban cores inconvenient, expensive, or virtually impossible without a car. Consequently, multi-destination travel in Canada cannot compete with Europe on factors of cost and relative ease. While these challenges are endemic to a geographically expansive country, without the affordable public transportation links to match, the global competitiveness of Canada's tourism product—especially in rural areas—is seriously hampered.

TIAO recommends:

- Cross-departmental collaboration to ensure that Canada has the transportation infrastructure of regional buses, trains, and planes to connect rural destinations, thus supporting tourism growth and a greener tourism product
- Investing in more electric vehicle charging stations, especially in rural regions where they are in short supply
- Working with provinces to provide a 5% carve-out of federal provincial public transit investments to directly support private motor coach operators in delivering vital rural bus transportation routes.
- Working with major airport hubs such as Toronto Pearson to address infrastructure deficits that curtail capacity to handle growing visitor volumes

Affordable Housing

Canada's supply of affordable housing is severely insufficient to meet demand and has the potential to seriously damage the growth of Canada's tourism industry. In every corner of Ontario, the lack of affordable housing is becoming the number one threat to businesses recruitment and retention strategies.

For housing to be deemed 'affordable,' housing costs (e.g., rent, utilities) must represent no more than 30% of pre-tax income. In Ontario, 46% of 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 alone:

- 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 May 2022, the average monthly rent in Toronto increased to $2,438, representing a 19.8% annual increase.
- From 2011 to 2020, the average rent for condo units in Toronto increased by 54%; the average rent for apartments increased by 43%

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 rural tourism economies. This especially impacts the recruitment and retention of tourism workers with specialized skillsets or specific knowledge bases. Lack of affordable housing therefore limits the sustainability and growth of tourism activity in high traffic tourism destinations, a growing problem in rural destinations where the affordable housing supply is particularly limited.

TIAO recommends:

- Consulting with TIAO, industry stakeholders, and workers to develop effective affordable housing strategies across Canada.
- Mandating that a percentage of new housing developments be purpose-built rentals
- Mandating that a percentage of new housing developments be affordable purchases
- Working with the private sector and municipalities to incentivize the development of affordable housing, particularly tailored to rural municipalities

Broadband

We applaud the Government of Canada's continued commitment to expanding access to reliable, high-speed broadband to communities across the country, particularly to rural and northern regions. We are pleased that the Government of Ontario has partnered with the Government of Canada to support the delivery of broadband, on top of significant investments in broadband construction.

Building upon this, we recommend sustained investment and timely delivery in this area, especially to First Nations communities still experiencing substantial deficits in connectivity infrastructure. Ontario has the largest Indigenous population in Canada: in Ontario, 78% of First Nations communities are located in the north and 1 in 4 First Nations communities is located in a remote community. Given that 60% of Ontario's Indigenous tourism operators are located in northern Ontario, with many located in remote areas that are underserviced by reliable broadband connections, ensuring continued progress in this area supports the competitive commercial capacity of Indigenous tourism economies and northern tourism economies more broadly.

TIAO recommends:

- Sustained investment in the delivery of reliable, high-speed broadband to rural and northern regions

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SUSTAINABLE TOURISM

With climate change, global pandemics, and other events in the global arena, Canada faces increasingly complex challenges that may impact our future tourism offer and the future reliable flow of international visitors. As such, it is imperative to build more sustainable tourism products and visitation. This includes engaging in long-term planning that is climate-conscious, builds a culture of domestic travel, and encourages more seamless travel for inbound US visitors.

Climate Sustainability

Whether or not they draw directly on Canada's renowned natural resources, all visitor experiences in Canada are impacted by more frequent and extreme climate events. Extreme weather affects the immediate or long-term viability of tourism activities (especially those that are resource-based), the safety of visitors and workers, the capacity for tourism businesses to make reliable incomes, as well as the supporting infrastructure of destinations and the visitor economy. Investing in environmentally sustainable tourism—that which minimizes the operator and visitor footprint—is critical to any tourism growth strategy.

TIAO recommends:

- Targeted investments to support tourism operators implement green infrastructure and transition to greener practices

Resource-based tourism is a $400M sector in Ontario, with 1,300 businesses providing jobs and injecting revenue directly into local economies in northern and central Ontario. Dependent on the diversity and vitality of Ontario's natural resources, this sector is directly impacted by increasingly volatile climate patterns which hinder the ability of resource-based tourism businesses to safely operate and to make reliable incomes. To support the climate resilience of tourism operators—in turn, easing future pressure on public resources—**we recommend:**

- 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.

Given that resource-based tourism businesses are rebuilding at a much slower pace than the rest of the tourism industry and are continuing to experience significant revenue losses on top of pandemic debt, these supports are crucial to their capacity to invest in preventive measures that mitigate disaster risks and reduce recovery costs.

Sustainable Visitation

The COVID-19 pandemic has shown how prone Canada's tourism industry is to international visitor disruptions. In northern Ontario and border-adjacent regions dependent on US clientele, border restrictions meant a virtual shutdown of local tourism economies. Moreover, due to the longstanding dependence on US visitors, operators had difficulty pivoting to the domestic market, with efforts to attract visitors from southern Ontario largely unsuccessful. Building a tourism industry that is more resilient to such disruptions—thus fostering long-term and sustainable economic growth—begins with developing a consumer culture of domestic travel.

TIAO recommends:

- Permanent personal income tax credits to incentivize domestic travel over the long-term

Ensuring Seamless Inbound Travel

According to Statistics Canada, land border crossings are still at only 50.8% of normal travel volumes,[i] illustrating the extent to which border restrictions (e.g., vaccine mandates on foreign nationals, ArriveCAN, COVID testing) have stymied US travel to Canada. For destinations dependent on the 'rubber tire' tourism market, the financial impact is staggering.

In northern Ontario, for instance, US visitors make up 60-100% of tourism clientele as you move from north-eastern to north-western Ontario. As a result, local tourism revenues have been severely curtailed by the evolving border restrictions, with the vaccine mandate, ArriveCAN procedures, and COVID testing deterring travel. Consequently, as southern Ontario destinations navigate an influx of travellers straining existing capacity, operators in northern Ontario are seeing guest cancellations for a third year. Moreover, for vaccinated US visitors who do make the trip, northern tourism operators are shouldering the added costs of helping guests comply with random testing requirements in remote locations—even going so far as to personally drive random test samples to distant post office locations for courier pickup. Consequently, after 2 years of border restrictions and revenue losses, the recovery of northern Ontario tourism sectors is taking place at a much slower rate than the rest of the province. Nature and Outdoor Tourism Ontario (NOTO) estimates resultant 2022 revenue losses to data at almost $100M.

Given the importance of the US market to Canadian tourism (especially for border-adjacent regions), the special relationship that Canada has with the US, and given that it will take time to cultivate a stronger domestic tourism market, it is critical to ensure that inbound travel is as seamless as possible for US visitors now and in the future to cultivate long-term economic growth.

TIAO recommends:

- Simplifying ArriveCAN processes to ensure that visitors have easier, more reliable, and accessible options to enter the required pre-arrival information. This includes: eliminating the 72-hour window to submit ArriveCAN information so that travellers can complete the process before leaving for their trip; as well as bringing back paper forms to accommodate travellers unable to fill out ArriveCAN through mobile or web versions

- Working with the tourism industry and governmental partners to create strategies ensuring seamless inbound travel for US visitors in the event of future border disruptions