

July 16, 2018

The Honourable Sylvia Jones
Minister of Tourism, Culture and Sport
900 Bay Street
9th Floor, Hearst Block
Toronto, ON
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RE: A blueprint for making Ontario open for business

Dear Minister Jones,

The Ontario Chamber of Commerce (OCC) would like to congratulate you in your new role as Minister of Tourism, Culture and Sport.

For more than a century, the OCC has supported economic growth in Ontario by advocating for business priorities at Queen's Park on behalf of our diverse 60,000 members, including local chambers of commerce and boards of trades in over 135 communities across Ontario. This includes a number of communities in your own home-riding of Dufferin-Caledon.

Ontario businesses are the backbone of our economy and communities. However, the business community is currently facing economic uncertainty and an increasing regulatory and tax burden. Our members have also conveyed the need to address serious structural problems like a lack of access to talent. Bold action and leadership will be required of every Ministry in support of pro-growth policies to build overall business confidence in the economy.

Premier Doug Ford has made it clear that the Ontario government will work to make our province open for business. As Ontario's business advocate, we support creating public policies that contribute to a competitive business environment, and the economic and social well-being of our province.

In the OCC's *Vote Prosperity* platform for the 2018 provincial election, we called on the Ontario government to implement a plan that will strengthen business competitiveness, foster job creation, build healthy communities, and improve government accountability. Today, we are providing all Ministers with a blueprint for steps that can be taken under your direction to ensure we are growing Ontario's economy and building shared prosperity for all.

Our province is strongest when government creates the right conditions for businesses to thrive. As you prepare to lead the Ministry of Tourism, Culture and Sport, the OCC has outlined key priorities below for making Ontario open for business.

Key Priorities:

Representing \$33 billion of Ontario's GDP, tourism is a significant and valuable component of Ontario's economy. However, taxes on travel and accommodation, and unnecessarily high wages place undue burden on an industry which already operates on thin margins. As an industry which exhibits comparative weaker growth when compared to other industries, Ontario's tourism industry presents ample opportunity for

growth. In addition to reducing regulatory barriers and taxes, exploring additional avenues for industry development would markedly increase economic opportunities for the industry.

Your ministry is integral to the health and diversity of Ontario's economy, and should lead other ministries by example as it stewards the innovative and rapidly changing tourism, culture, and sport sectors.

1. Implement a strategic plan for the tourism sector

Growing Tourism Together: A Strategic Framework for Tourism in Ontario presents an opportunity to capitalize on the tourism legacy created by the Canada 150 and Ontario 150 celebrations, maximizing tourism's economic contribution to the provincial GDP. Your ministry should make a commitment to reaching the goals outlined in the *Framework*, by dedicating new resources, updating policy, and tracking outcomes.

To accurately gauge Ontario's performance against the goals, your ministry should improve the use of tourism data, including visitor spending and visitor flows. This information can inform both product development and infrastructure investment decisions, presenting opportunities to enhance efficiency and take advantage of new opportunities. A model to consider emulating would be that of New Zealand, which in 2007 introduced a tourism flows model to spatially represent the dynamics of tourism in the country and inform policy, planning, and resource allocation activities.

2. Establish a Tourism Industry Table as part of the Highly Skilled Workforce Strategy

Tourism HR Canada has estimated that, by 2030, labour shortages in Ontario's tourism industry could exceed 88,000 full-year jobs.¹ Already, over 40 percent of tourism SMEs identify "shortage of labour" as an obstacle to growth, and over 50 percent experience issues recruiting and retaining employees.²

In its final report, the Highly Skilled Workforce Expert Panel recommended the creation of a Planning and Partnership Table (PPT) responsible for developing solutions related to skills development and experiential learning opportunities in growth sectors or regions, supported by a series of Industry Tables. Your ministry should lead the development of a Tourism Industry Table to ensure the sector's workforce challenges are incorporated into the province's broader skills strategy.

3. Lower taxes that disproportionately impact the tourism sector

Since 2014, Ontario's aviation fuel tax has increased by nearly 150 percent, making it the highest in Canada. This has increased the financial barrier to accessing many of Ontario's attractions, particularly in northern and remote communities, where other forms of travel may be infeasible for visitors. To increase the province's price competitiveness as a tourism destination, your ministry should work with the Ministries of Finance and Transportation to reduce aviation fuel tax level to, at the very least, align with other jurisdictions within Canada.

Similarly, your ministry should encourage the Ministry of Finance to cap the Municipal Accommodation Tax at four percent, except in municipalities where existing Destination Marketing Program fees exceed four percent (in which case, the cap should match that total and all funds be directed to the appropriate non-profit tourism organization). Additionally, ensure that businesses paying the Municipal Accommodation Tax can participate in the oversight and distribution of the tourism-focused portion of revenues.

¹ Industry Canada. 2015. SME Profile: Tourism Industries in Canada.

https://www.ic.gc.ca/eic/site/061.nsf/eng/h_02951.html

² Tourism HR Canada. 2015. *The Future of Canada's Tourism Sector: Shortages to Resurface as Labour Markets Tighten*.

http://cthrc.ca/en/research_publications/~/_media/Files/CTHRC/Home/research_publications/labour_market_information/Supply_Demand/SupplyDemand_Report_Current_EN.ashx

4. Leverage the potential of the sharing economy by promoting consistent rules across Ontario.

Hard-to-follow rules and red tape that differ between communities discourage Ontarians from taking advantage of the sharing economy. Inconsistency in regulation also reduces visitor options, detracts from the overall quality of visitor experience, and fails to leverage an important opportunity to grow international and domestic tourism in Ontario. Your ministry should build on the work of the Sharing Economy Advisory Committee to establish clear, easy-to-follow rules for tourism-supporting services in the sharing economy.

5. Create greater consistency and predictability in provincial tourism marketing funding

Currently, the Ontario Tourism Marketing Partnership Corporation (OTMPC) and other marketing organizations are provided with funding on an annual basis. A lack of budget certainty over a longer time period reduces their ability to plan for and conduct sustained campaigns in target markets. Your ministry should examine the funding model for tourism marketing organizations, including their relationships with federal tourism agencies and private sector players, in order to maximize the impact of tax dollars. This should include:

- Consider providing budget certainty on a three- to five-year time horizon for the OTMPC and other marketing organizations, to allow for longer-term and sustained marketing campaigns.
- Consult industry stakeholders to refine the mandate and responsibilities of tourism marketing organizations.
- Encourage greater consistency, predictability, and harmonization in marketing, to increase the effectiveness of scarce marketing dollars.

For more information, see [Closing the Tourism Gap: Creating a Long-Term Advantage for Ontario](#).

To ensure Ontario's economy has a strong foundation, we must work together to support evidence-based policies that encourage a prosperous economy and strengthen business competitiveness. At your earliest convenience, we would like to meet with you and your staff to provide an in-depth briefing on the importance of these priorities for Ontario's business community.

Sincerely,



Rocco Rossi
President and CEO
Ontario Chamber of Commerce

cc:

Vincent Ke, Parliamentary Assistant to the Minister of Tourism, Culture and Sport
Nancy Matthews, Deputy Minister, Ministry of Tourism, Culture and Sport