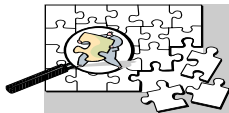



Ontario Reducing Barriers To Tourism Business Research Study

February 2009



Pareto Consulting Inc.





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Introduction

- ❑ In March 2008, the Government of Ontario launched a comprehensive Tourism Competitiveness Study to set a future path for tourism in Ontario
- ❑ Tourism businesses play a vital role in Ontario's economy, contributing approximately \$20 billion to Ontario's GDP from more than 150,000 businesses, most of which are job-generating small and medium sized operations
- ❑ As part of initial Competitiveness Study stakeholder consultations, many comments were provided regarding the extent of the regulatory burden on Tourism businesses
- ❑ "Ontario Reducing Barriers to Tourism Businesses Research Study" was commissioned as a component within the Competitiveness study in order to gain a further understanding of the level and depth of these barriers
- ❑ While the Ministry of Tourism (MTOUR) plays a leading role regarding specific legislation that affects the tourism industry and is responsible for several agencies that operate regional attractions, other provincial ministries and even other levels of government influence the tourism sector; as a result, there may be both positive policies and programs, but equally, potential barriers to business and economic activity that must be examined

Objectives

- ❑ Clearly identify regulatory barriers and constraints to Ontario tourism growth and investment
- ❑ Identify the degree of pervasiveness of identified barriers
- ❑ Identify by regional, sectoral, size and/or other variances the importance or priority of the barrier/constraint
- ❑ Focus on provincial government-based regulatory barriers across all ministries

Selection of Participants

- ❑ Initial lists were developed based on the tourism competitiveness stakeholder consultation lists, with a focus on participants that voiced regulatory barriers as an issue
- ❑ This list was further refined with intention of inviting mix of:
 - Small, medium and large businesses
 - Both the private sector and industry associations
 - Tourism business sectors (e.g. accommodation, recreation and entertainment, food and beverage, retail, transportation)
 - Those who had made deputations in the consultations and those who had yet to participate
 - Geographies within the broad parameters established
- ❑ Initial invitation lists were shared with MTOUR field staff for additional feedback including added suggestions
- ❑ Over 100 attendees

Material Development

- In preparing for the round tables, consultants prepared:
 - An explicit agenda that was sent to all session participants in advance
 - A brief power point slide
 - A listing of participants
- As the sessions were undertaken, the consultants prepared:
 - Summaries of key findings and topics of discussion
 - A rolling identification of consensus items
 - An initial outline of the report table of contents

Round Table Format

- Format used during the initial three round tables (Collingwood, Toronto, North Bay) involved:
 - Introduction/participant expectations, rules of engagement (attribution, discussion focus/parameters)
 - Background content review
 - Two or three break-out groups to identify top five barriers/constraints
 - Drill down/specific issues on identified top five issues
 - Potential solutions (consensus, differentiation by sector, business size etc.)

Round Table Format con't

- In order to:
 - ensure sufficient detail was captured to thoroughly comprehend the impact of specific regulatory barriers and issues and;
 - permit the facilitators to channel the groups into discussion on specific topic areas (e.g. labour) and to probe on the importance and pervasiveness of barriers raised at previous sessions;
- The format for the five remaining round tables was modified as follows:
 - Introductions/participant expectations, rules of engagement (attribution, discussion focus/restrictions), examples of detailed barriers
 - Two or three breakout groups identifying top several barriers
 - Whole group dealing with barrier (and potential solution) on an item by item basis

Round Tables Locations/Dates

- Eight roundtables were held in:

Collingwood	November 11, 2008
Toronto	November 12, 2008
North Bay	November 13, 2008
Muskoka (Gravenhurst)	November 14, 2008
St. Catharines	November 21, 2008
Kingston	November 25, 2008
London	November 27, 2008
Sault Ste. Marie	December 2, 2008

Theme Development

- The process/outcomes for the eight round tables:
 - elicit responses from participants without bias
 - approach to assess pervasiveness / identify differences
 - homogenous barriers emerged
- Issues have been grouped into several themes along both vertical (topical) and horizontal (cross-sectional) lines
- Examples from the round tables for each theme are provided in the following “What We Heard” slides:

Topical

- Labour
- Wayfinding
- Marketing
- Liquor

Cross-sectional

- Consistency of application (venue, geographic, over time)
- Flexibility
- Land Use / Access

Context

- ❑ At each and every session participants attempted to ensure that the primary message to be brought back to the Ministry of Tourism was that the “big issues” are what most concerns them, and that while important, the Competitiveness Study should not be too narrowly focused on regulatory issues
- ❑ Their expectations were primarily directed towards issues of:
 - Access to capital
 - The role of MTOUR as an industry facilitator
 - Marketing / OMTPC governance and activities
 - Labour supply
 - Government spending on it's aging agencies and infrastructure
- ❑ Most of the barriers identified are not exclusively or uniquely tourism-sector based; for the most part, the issues are typical of small business concerns and should be considered in that context (i.e. possibly through a more general approach to governmental barrier and burden assessment)

Context (cont'd)

- ❑ It was often difficult to confirm the accuracy of many of the participants' comments. As a result, it is important that individual lead Ministry (or cross-Ministry where applicable) follow up be undertaken with regards to the specific issues identified, including assessing the validity of the barrier issue
- ❑ It is equally important to treat any misperception or incorrect information / understanding as a legitimate barrier unto itself:
 - If the issue is found to be valid, appropriate action should be taken, either specifically or as part of the thematic recommendation;
 - Even if it is determined that the issue has been incorrectly interpreted or misperceived, there is a necessity to correct this misperception with a plan to provide sufficient clarification (with materials).

Labour Barriers: What We Heard

- Minimum Wage
 - Variances in minimum wage between “adults” and “minors” but no variances for seasonal workers (those working a few months/year)
 - No variances between minimum wages directed to those receiving gratuities and those not (gap between two wage levels should be maintained)
- Employment Standards Act
 - In contrast to minimum wage increases, cost recovery by employers for room & board for live-in employees has not been adjusted for several years (for example, current maximums: \$10/day or \$60/week)
- Training and Certification
 - Inconsistency of requirements for licensing (e.g. hairstylists must be licensed but not cooks)
 - Seasonal nature of industry results in substantial training commitment at beginning of season and retraining of seasonal employees due to a lack of portability of certification

Labour Barriers: What We Heard con't

- Workplace Safety and Insurance Board (WSIB)/Health and Safety
 - Inspections appear to be done on random basis. Organization set up to assist employers lacks responsiveness.
 - Complexity of forms and instruction manuals directing how forms should be completed
- Labour Shortage / Foreign Workers
 - Inability of employer to cross train foreign workers and use in multiple positions. Foreign workers are permitted entry into Ontario with strict limits on positions held.

Wayfinding Barriers: What We Heard

- ❑ Tourism-Oriented Directional Signing (TODS)
 - Signage costs and exclusions identified as issues
- ❑ Industry Needs
 - Ministry of Transportation (MTO) is seen as balancing safety over the way-finding needs of the industry (e.g. enforcement of rules on temporary signage)
 - Industry sees a need for greater consultation with MTO in addressing way-finding needs
- ❑ Coordination of Construction Activities
 - Operators expressed the desire for MTO to be more sensitive with respect to timing, access or the need for temporary directional signage during construction (e.g., closing ramps or creating long detours coinciding with events/festivals)

Marketing Barriers – What We Heard

- Ontario Tourism Marketing Partnership Corporation (OTMPC)
 - Perception that OTMPC's current governance needs to be strengthened and linked to industry direction
 - Need to have closer linkages between OTMPC processes and tourism business cycle planning requirements
- Destination Marketing Fee (DMF)
 - Concern expressed that DMFs are creating “have” and “have not” destinations where those that have a DMF are better positioned to market and access partnership funds (e.g. through arrangements with OTMPC) than those that do not

Liquor Barriers – What We Heard

- Special Occasion Licenses
 - Lack of clarity in defining “event” and the eligibility of events (and event organizers) to receive a license; need for annual events to reapply every year for the same license
 - Limited assistance provided to not-for-profit event organizers in the completion of application forms; strict documentation requirements for inventory (sold and unsold)
- Definition of Licensed Areas for Service of Liquor
 - In some cases, licenses cover an entire place of business while in others, specific areas (e.g., washrooms, patios, hallways) are excluded
 - Separate licenses for one business with multiple service/product areas (e.g. resorts) may require separate licenses
- Licensing and Licensing Renewal
 - Fees for applications and renewals perceived to be excessive (e.g., \$2,000 +)
 - Documentation required for renewal seen as extensive as the initial application process

Liquor Barriers – What We Heard

con't

- ❑ Service of Liquor
 - No ability to offer all inclusive pricing (e.g., weekend package including accommodation, activities, meals and beverages) - particularly important for resorts
- ❑ Retailing and Merchandising
 - Challenges facing operators in remote areas (e.g. lodges) to provide liquor to guests as most do not qualify as a “retailer” or meet requirements to access a dining room or other service license
 - Cap on Ontario wine stores licenses, preventing the incorporation of further wine stores either in acknowledged wine regions or in urban tourism centres

Consistency of Application Barriers (venue, geographic, over time) – What We Heard

- ❑ In many cases, barriers facing tourism businesses are related to insufficient clarity and levels of implementation and compliance discretion; and issues of consistency were identified in several ways:
 - Complex language and definitions that are subject to significant interpretation;
 - Uneven enforcement application (region by region);
 - Rigid application of less significant compliance parameters; and
 - Varying levels of advance clarification assistance available (often provided as rejection notification subsequent to submission of documentation).

Consistency of Application Barriers (venue, geographic, over time) – What We Heard con't

- Specific examples provided included:
 - Muskoka considered as Northern Ontario by FedNor and part of the South by the Province;
 - Low levels of interpretation assistance for rules and regulations from MTOUR, particularly in the North;
 - Permit requirements for access to public trails where the application process seems to be different for all-terrain vehicles (ATVs) and snowmobiles (despite a perception of similar issues and access); insufficient clarity regarding the need for advanced permitting and different regions seem to apply modified approaches;
 - A liquor licensing permit is required for outdoor facilities at golf courses despite the ability to consume beverage liquor on the golf course itself (i.e. different levels of rigour applied based on a perceived arbitrary distinction).

Flexibility Barriers – What We Heard

- ❑ Inflexible “one-size fits all” approach (the flip side of consistency) is also seen to be a barrier
 - With seasonally concentrated operations and cash flows, standardized regulatory obligations based on conventional full year business operations tend to impose a burden on the tourism industry (i.e. no differentiation in WSIB burden for seasonal and small business)
- ❑ Longstanding businesses with infrastructure based on historical requirements (i.e. at time of construction), limited annual cash flows and access to capital, may not be able to sustain immediate and large cost newly imposed requirements (i.e. Ministry of Environment water systems / septic studies)
- ❑ Annual single year approvals, for example, a festival and event with little to no change to licensing process is seen as repetitive and time consuming (i.e. festivals and events)

Land Use / Access Barriers – What We Heard

- Tourism Operators often depend on access to nearby or adjacent public lands as a fundamental component of their recreation opportunity offerings
 - This often involves complex and lengthy processes, often involving several regulatory approvals with multiple parties (e.g. accessing public lands (Ministry of Natural Resources) for recreation offerings (i.e. trails), Expansion plans incorporating adjacent public lands or severances (Green belt, Niagara Escarpment, Niagara Peninsula Conservation Authority, Niagara Parks Commission)
- Access and land use policies of provincially-owned sites (i.e. agencies – Fort Henry water access) seen as impediments
- Ability to afford access to some land/geographic-based recreational opportunities can be limited by liability considerations (prohibitive insurance for liability)
- Inadequate provincial transportation infrastructure (e.g. highways) as access barrier to attracting visitors to specific geographical areas of the province (i.e. North and regions not served by multi-lane highways / roads).

Other Barriers Identified - Federal / Municipal

Multi-jurisdictional issues (federal, municipal) requiring provincial presence:

Federal issues:

- ❑ Air access and landing fees (Pearson)
- ❑ Charge back costs for Canada Border Services Agency are seen as significant and can exceed cost to deliver service thus reducing Tier B airports' attractiveness
- ❑ Engaging Canada Border Service (both air and land) to be more welcoming to visitors
- ❑ Foreign Convention and Tour Incentive rebate program - too complicated for package travelers
- ❑ Differing U.S. and Canadian Criminal Code. (e.g. U.S. misdemeanor offences in the U.S. (e.g., impaired driving) are criminal code violations in Canada and can prevent some U.S. citizens from entering the country)
- ❑ Cabotage (rules preventing foreign air carriers and cruise ships from transporting people from one Canadian centre to another) prevents growth of new service delivery vehicles such as Great Lakes cruising

Municipal issues:

- ❑ Integrating municipal signage rules with TODS or other provincial regulations
- ❑ Local/regional transit systems need to take tourists needs into account (e.g. levels of service, linkages with other transportation modes, integrated pricing/ticketing)

Next Steps

- ❑ Testing the validity of identified barriers and suggested potential solutions with the lead regulating Ministries to confirm stakeholder claims is recommended as the first course of action
- ❑ Once complete, issues can be separated into two components:
 - those that are more barriers to general business operations and
 - those that are genuinely specific to the tourism sector
- ❑ For the bulk of issues more generic in nature (e.g. labour, liquor, consistency, some land use), consider housing/integrating solutions to barriers with the recently initiated Ontario – Open for Business initiative in the Ministry of Economic Development
- ❑ For tourism-specific barriers, consider aligning strategic conclusions of overall Competitiveness Study for tourism-specific issues (e.g. way-finding, marketing etc)

Next Steps con't

- ❑ Consider phased approach to implementation with barriers that can be addressed more quickly as part of a first phase implementation plan
- ❑ For remaining barriers, sector involvement is essential to a successful longer-term plan
- ❑ Consider dedicated lead implementation focal point for existing and new regulations
- ❑ For the most part, the barriers identified stem from regulations that are not those of the Ministry of Tourism (e.g. Ministries of Natural Resources, Transportation, Environment, Labour, Government Services etc). This necessitates forging stronger interactions and relationships with these Ministries through both informal and formal mechanisms, including the potential for an inter-ministerial vehicle linked to the implementation plan.

Stakeholder Roundtables Affiliates

Session: Collingwood Date: Tuesday, November 11, 2008	Session: Toronto Date: Wednesday, November 12, 2008
<i>Organizations Represented</i>	
Blue Mountain Resort Blue Mountain Village Association Collingwood Cranberry Resort Free Spirit Tours Georgian Triangle Tourism Association Joseph Lawrence House Collingwood and Area B&Bs Le Scandinave Spa Oliver Bonacini Grill Ontario Federation of Snowmobile Clubs Ontario Snow Resorts Association Scenic Caves Nature Adventures Theatre Collingwood Westin Trillium Resort, Blue Mountain Ministry of Tourism	Attractions Ontario CN Tower Direction Ontario Elmhirst's Resort Greater Peterborough Area Economic Development Corporation Greater Toronto Airport Authority Metro Toronto Convention Centre The Distillery Historic District Toronto Zoo Ministry of Tourism

Stakeholder Roundtables Affiliates

Session: North Bay Date: Thursday, November 13, 2008	Session: Muskoka Date: Friday, November 14, 2008
<i>Organizations Represented</i>	
Almaguin Highlands Economic Development Committee Best Western North Bay Hotel & Conference Centre Canadore College Hospitality Administration Program Cecil's Eatery Chief Commanda II Heritage Rail & Carousel Company Inn on the Bay Northern Ontario Tourist Outfitters Association Parry Sound Area Tourism Voyageur Days (festival) Ministry of Tourism	Algonquin Outfitters Bondi Cottage Resort Casino Rama Deerhurst Resort Delta Muskoka Resorts Fern Resort Hammond Transportation Muskoka Steamships and Historical Society Muskoka Tourism Ontario Marine Operators Association Resorts of Ontario Santa's Village and Sportsland, Bracebridge Severn Lodge Taboo Resort Three Guys and a Stove Ministry of Tourism

Stakeholder Roundtables Affiliates

Session: St. Catharines Date: Friday, November 21, 2008	Session: Kingston Date: Tuesday, November 25, 2008
<i>Organizations Represented</i>	
20 Valley Tourism Good Earth Cooking School Canada Blooms Hamilton Convention Centre Hamilton International Airport Hamilton Tourism Hamilton Tourism – Owner of La Piazza Maid of the Mist Steamboat Company Niagara Economic Development Program Niagara Falls Bridge Commission Niagara Falls Tourism Niagara Grape and Wine Festival Shaw Festival St. Catharines Economic Development and Tourism Thundering Waters Golf Club and Chair of Niagara Falls Convention Centre Tourism and Environment Studies, Brock University	Eastern Ontario Trails Association Great Lakes Cruise Coalition Presqu-ile Provincial Parks Rideau Acres Campground Sam Jakes Inn The Courtyard Restaurant, Ottawa Thousand Islands Playhouse

Stakeholder Roundtables Affiliates

Session: London Date: Thursday, November 27, 2008	Session: Sault Ste. Marie Date: Tuesday, December 2, 2008
<i>Organizations Represented</i>	
East Park Golf & Waterpark Festivals and Events Ontario (FEO) John Labatt Centre Kitchener Waterloo Oktoberfest London Convention Centre Ontario Culinary Tourism Alliance Ontario Federation of ATVs Sanson Estate Winery St. Jacobs County Stone Crock Group Stratford Shakespeare Festival Stratford Tourism Alliance The Parlour Historic Inn, Suites and Dining Tourism London Viewpointe Estate Winery Ministry of Tourism	ACR Agawa Canyon Tour Algoma Kinniwabi Travel Association Bearskin Airlines Canadian Passenger Vessel Association Errington's Wilderness Island Resort Holiday Inn Sault Ste. Marie Economic Development Corporation Sleep Inn Sault Ste. Marie Chamber of Commerce Station Mall Tourism Sault Ste. Marie Town of Wawa Watson's Vacations Ministry of Northern Development & Mines