

WELCOMING INVESTORS:

A Tourism Investment Attraction Strategy for Ontario





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INSIDE FRONT COVER ► Niagara Falls



► Agawa Canyon

MINISTER'S MESSAGE



Attracting investment and creating jobs are part of the Government of Ontario's plan to create a vibrant economy — and the tourism industry is a vital part of that plan.

Ontario's tourism industry ranks 9th among the province's export industries and generates receipts of over \$23 billion annually. Some of the world's most recognized brands and iconic attractions can be found here in Ontario, and despite global economic challenges the industry continues to grow.

Investors are increasingly recognizing the province's competitive business environment, stable economy, remarkable talent pool and geographic advantages as reasons to do business in Ontario.

Attracting increased tourism investment to Ontario benefits everyone: existing tourism operators, local communities, Ontarians and visitors alike. New and improved tourism experiences will attract more and repeat visitors, enhance Ontario's reputation and strengthen the economy.

Finding new ways to secure tourism investment is a government priority. In order to compete successfully in an increasingly crowded and highly competitive global tourism market, Ontario requires a strategy that will help attract more foreign direct investment and enhance the province's tourism offerings.

This is an exciting time to invest in Ontario's tourism industry — a sector ripe with opportunity in a province that offers an investment friendly business climate.

Welcoming Investors: A Tourism Investment Attraction Strategy for Ontario outlines how Ontario, working together with its industry partners, can attract an increased share of the fastest growing industry in the world and strengthen its reputation as a premier international tourist destination.

The Honourable Michael Chan

Minister of Tourism, Culture and Sport

BACKGROUND

In February 2009, the Government of Ontario released *Discovering Ontario — A Report on the Future of Tourism*, which put forward four strategies and 20 specific recommendations to revitalize and grow tourism in the province.

Discovering Ontario was the result of a broad-based industry analysis that thoroughly researched the state of tourism in Ontario and included a review of industry best practices in North America and around the world.

In addition to recommending the establishment of tourism regions, greater support for festivals and events and the revitalization of Ontario Place, the report stressed the need for Ontario to establish a targeted approach to tourism investment attraction.

In response to this recommendation, the government has developed *Welcoming Investors: A Tourism Investment Attraction Strategy for Ontario*.

This strategy includes a five-point plan to attract and support increased investment in Ontario's tourism industry. Findings from a 2011 study, *Ontario's Tourism Investment Strategy and Implementation Plan*, form the basis of this strategy.

Attracting tourism investment is not new to the Government of Ontario. Currently, the government is working with private sector investors on several major projects worth billions in new investment that have the potential to transform key tourist destinations across Ontario.

The clear, focussed investment strategy outlined in this document — built on lessons learned, international research and comprehensive stakeholder consultations — will enable even stronger tourism investment results for Ontario.

*Strengthening our tourism sector makes our economy more productive, creates jobs and improves our quality of life.*¹



► Algonquin Provincial Park

ONTARIO'S TOURISM POTENTIAL

As a tourist destination, Ontario offers a diverse range of experiences: four distinct seasons, abundant wilderness, vibrant arts, cultural and sporting events, and world class attractions. The province is easily accessible internationally and boasts a remarkable cultural diversity unique in the world.

Welcoming over 104 million visitors in 2011, Ontario's tourism sector generated \$23 billion in annual revenues and supported over 300,000 jobs. Despite global economic challenges, the industry continues to grow with preliminary results indicating that visitors to Ontario spent more in 2011 (\$18 billion) than in the previous year (\$17.1 billion).

The Canada brand is strong and internationally recognized for providing quality visitor experiences. Supporting that quality experience is a well established

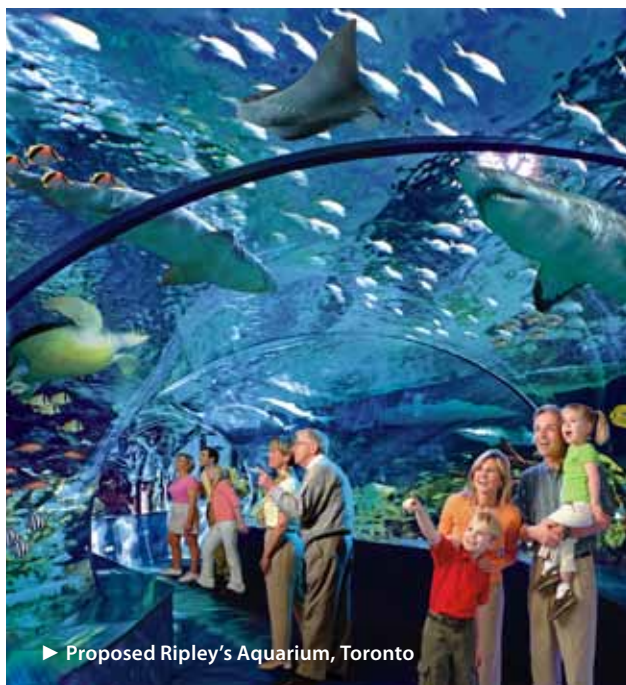
tourism trade, a talented workforce, extensive industry training opportunities and excellent infrastructure.

Working within the province's 13 Regional Tourism Organizations, Ontario's tourism partners develop coordinated approaches to regional tourism planning, product development, marketing and investment attraction. This collaborative approach maximizes resources, strengthens marketing efforts and encourages more strategic planning and investment.

The government is committed to working closely with industry partners to build a stronger, more competitive tourism industry in Ontario. It continues to be an active partner in the sector's success, recognizing tourism as an important economic driver and encouraging its growth.

"Skyline Investments is a leading private sector investor in hotel and destination resort developments in Ontario. Since 2008, the company has invested in hotels, resorts and destination community properties valued at over \$315 million and employing more than 1,500 Ontarians. Skyline's future plans call for continued investment and job creation in Ontario's tourism sector."

Michael Sneyd, CEO, Skyline International Development Inc.



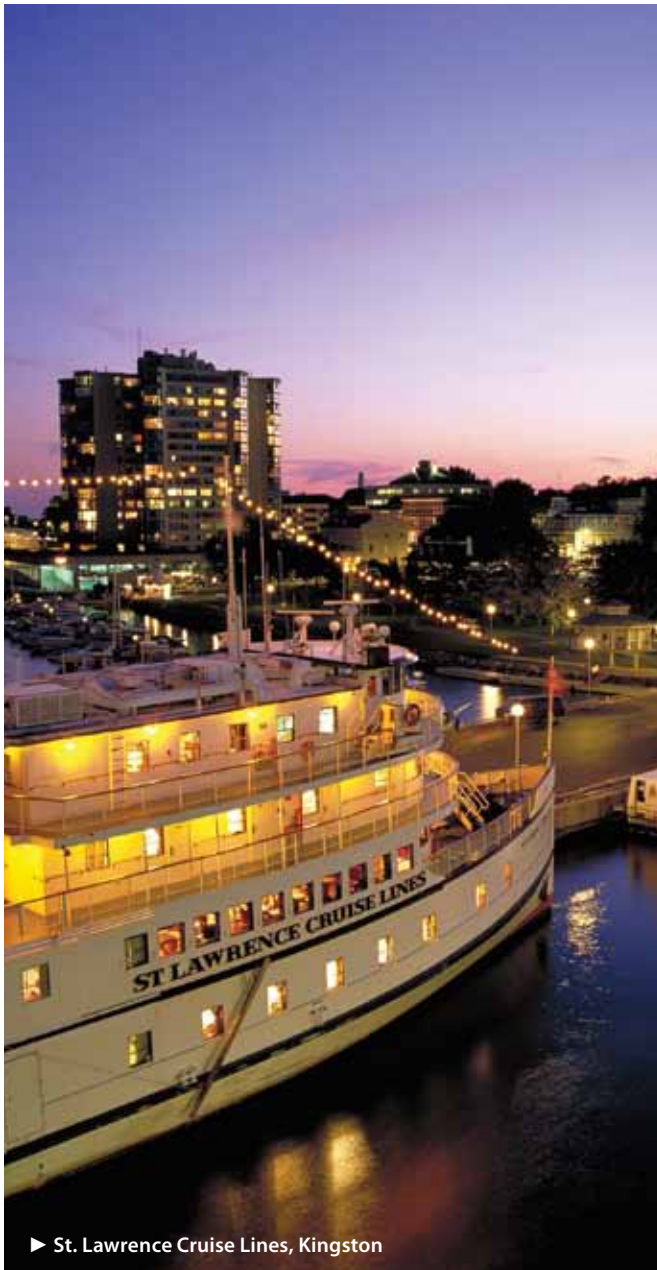
► Proposed Ripley's Aquarium, Toronto

Ripley's Aquarium of Canada is scheduled to open in Toronto in 2013. This \$130 million state-of-the-art aquarium will create 300 jobs and will have a projected annual economic impact of more than \$35 million on GDP.²

"Toronto is a world class city and we are building a world class aquarium."

Jim Pattison Jr.,
President of Ripley Entertainment Inc.

ONTARIO'S COMPETITIVE STRENGTHS



Ontario remains a destination of choice for international investors. Despite current challenges faced by many Western economies, the province continues to build on its competitive strengths, grow its economy and successfully attract businesses from around the world.

Ontario's tourism industry is a key part of the province's economic success. Supported by a robust economy, proximity to a large and affluent market, a skilled workforce, competitive business costs and excellent international accessibility, the industry has continued to attract international investment.

The province's stable, growing and diversified economy benefits from a regulatory environment that is transparent and balanced. Accounting for almost 40% of Canada's output, Ontario's economy exceeds that of many industrialized countries, including Belgium, Sweden, Switzerland and Ireland. This economic stability can be attributed in large part to Canada's advanced banking and financial system, which has been recognized by the World Economic Forum as the world's soundest.

Ontario's economic success is also a result of its proximity to key markets, including the United States. There are approximately 158 million consumers within a day's drive of southern Ontario making the province an attractive location for tourism investors looking to access a large market. Ontario is also home to the largest concentration of Canada's highest income earners, allowing investors easy access to an affluent domestic market.

*Ontario's strengths include a stable political environment, an economy that has remained relatively healthy despite the U.S. recession, a stable real estate market, a secure investment environment, and the presence of a relatively large and affluent population in the GTA.*³

Supporting Ontario's tourism sector is a large pool of highly skilled, reliable and available talent. Combine this with first class educational opportunities and an enviable quality of life and the province offers the perfect environment for a productive workforce.

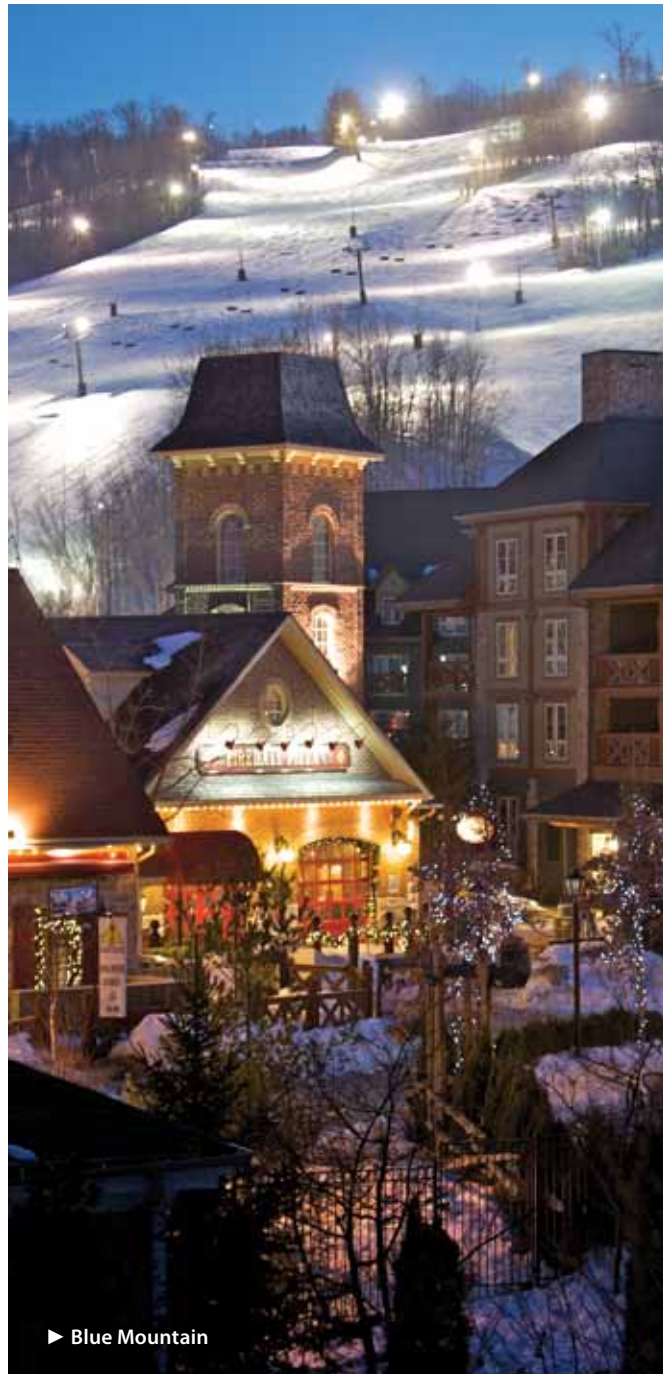
In 2008, in order to create a more investor-friendly business climate, the Government of Ontario launched its Open for Business initiative. Open for Business helps businesses save time and money by offering faster, smarter and simpler government-to-business services. This initiative has also helped to eliminate over 80,000 regulatory business requirements.

In addition, recent tax changes have contributed to Ontario having some of the lowest overall business costs in the world. The province's combined general federal-provincial corporate income tax (CIT) rate has decreased to an average lower than that of G8/G20 countries and is lower than the average U.S. federal-state CIT rate. This is one reason KPMG's Competitive Alternatives 2012 study of international business costs found Canada's overall business costs lower than those of the U.S., France, Italy, Germany, Australia or Japan.

Furthering Ontario's competitive strengths is its central location and accessibility. The province has five international airports, including Canada's largest, Toronto Pearson International Airport. Pearson International handles nearly 32 million passengers and over 400,000 flights annually. Close to 70 carriers provide direct service to 54 U.S. cities and 99 other international cities ensuring that Ontario is easily accessible from almost anywhere in the world.

Despite these significant advantages, many investors remain unaware of Ontario's possibilities as a tourism investment destination. This strategy document outlines how the government will engage international investors to ensure that key decision makers understand Ontario's competitive business environment and investment opportunities.

*The World Economic Forum has ranked Canada's banking system as the most sound in the world, four years in a row.*⁴



► Blue Mountain

ACTION PLAN

ACHIEVING OUR GOALS

To remain internationally competitive, Ontario needs to adopt a focussed and proactive tourism strategy to attract foreign investment in the tourism industry.

Welcoming Investors: A Tourism Investment Attraction Strategy for Ontario was developed in response to comprehensive research findings and stakeholder consultations, and puts forward a plan that includes the following **five objectives**:

1. Establish tourism as a priority sector in Ontario's investment attraction approach.
2. Create a powerful value proposition to position Ontario as a destination of choice for tourism investment.
3. Develop an investor outreach approach to promote Ontario's value proposition and generate investment.
4. Support investment with an all-of-government approach.
5. Continue to identify provincially owned assets as opportunities for investment attraction.

*Tourism is one of the pillars of the Ontario economy and contributes more to provincial Gross Domestic Product than the entire primary sector, including forestry and mining.*⁵

OBJECTIVE 1

Establish tourism as a priority sector in Ontario's investment attraction approach.

The tourism sector's contribution to Ontario's economy is significant yet often overlooked. The Government of Ontario recognizes and supports tourism as an important economic driver, but more can be done. Future industry growth requires a proactive targeted approach that encourages private sector investment and is supported by all levels of government.

To achieve this objective, internal resources have been dedicated to better measure and effectively communicate tourism's important economic contribution to both government and private sector audiences.

Developing and implementing a comprehensive, forward-looking tourism investment attraction strategy is the first step in formalizing tourism as a key component of Ontario's overall investment approach.

To further raise the industry's profile among senior managers across government and to address key industry issues and opportunities, a multi-ministry Assistant Deputy Ministers' Committee on Tourism is being created and led by the Ministry of Tourism, Culture and Sport.

The ministry will work with FedDev Ontario, the Ontario Jobs and Prosperity Council and other government organizations to ensure future economic development programs and services include tourism in their criteria.

In addition, the ministry will continue to work with the Tourism Industry Association of Ontario, the Regional Tourism Organizations, provincial sector associations, municipalities, economic development officials and other stakeholders to implement this strategy.

Since 2000, over \$9 billion has been invested in Ontario's accommodation sector, including the addition of over 1,000 luxury hotel rooms from brands such as Trump, Ritz-Carleton, Four Seasons and Shangri-La. ⁶

OBJECTIVE 2

Create a powerful value proposition to position Ontario as a destination of choice for tourism investment.

Ontario is often recognized as a leading investment jurisdiction; however, many international investors remain unaware of the opportunities the province holds for their business.

To help investors understand why they should consider investing in Ontario's tourism sector, the Ministry of Tourism, Culture and Sport has developed a value proposition that clearly articulates the province's strategic advantages.

This value proposition will be used to support tourism investment lead generation and sales efforts. Given that the criteria companies use in assessing a new investment location may change over time, the ministry will ensure that its value proposition remains relevant to investors while consistently reinforcing Ontario's competitive strengths. Equally important, the ministry will ensure that the value proposition is current and reflects the most recent data available.

The tourism investment value proposition will be made available to Ontario's investment attraction partners to ensure that the province's competitive strengths are presented in a consistent manner.

To strengthen the value proposition, ministry staff will examine policies and programs across government to identify opportunities that better support tourism investment. This will include using government programs like the Tourism Development Fund to support projects that encourage or facilitate tourism investment.

UK based Merlin Entertainment Group is investing \$12 million to open Canada's first LEGOLAND Discovery Centre. The centre is scheduled to open in 2013 in Vaughan.⁷

OBJECTIVE 3

Develop an investor outreach approach to promote Ontario's value proposition and generate investment.

Global competition for business investment has never been more intense. Ontario requires an investor outreach approach that will engage investors and ensure that the province is considered when companies are planning their investment strategies.

Ontario currently has a significant investor outreach and global lead generation network managed by the Ministry of Economic Development and Innovation (MEDI). The Ministry of Tourism, Culture and Sport (MTCS) will work more closely with MEDI to ensure that this network, which includes ten International Marketing Centres and 30 International Business Development Representatives, pursues tourism-related investment opportunities in key markets.

To support MEDI, MTCS will provide the tools and business cases needed to successfully engage investors in their home markets and win tourism investment for the province.

The ministry's investment team will also develop and maintain a key target list of investors with tourism products suited for Ontario and will work with key business decision makers to encourage Ontario as a location for their investment and expansion activities.

To support lead generation and investor outreach efforts and to promote Ontario as an ideal tourism investment location, the ministry will participate in key international investment conferences.

Further, it will work in cooperation with Cabinet Office and the Ministry of Intergovernmental Affairs to engage with Canada's missions abroad to ensure that Ontario's tourism value proposition is shared with foreign investors considering a Canadian investment.

*The competition for investments is fierce... [S]uccessful investment attraction requires a targeted approach that highlights the real opportunities in Ontario.*⁸

OBJECTIVE 4

Support investment with an all-of-government approach.

Investing in Ontario's tourism industry can involve interaction with numerous ministries and different levels of government. International investors with little or no business experience in Ontario are often unaware of provincial requirements for establishing a business or the support programs and services that are available to help them.

To make it easier for businesses looking to invest in Ontario's tourism sector, the Ministry of Tourism, Culture and Sport will maintain a comprehensive list of business support programs and services to share with tourism investors and help them determine their eligibility. The ministry will act as a single point of contact across government for tourism related projects providing investors with accurate information and timely assistance.

Where appropriate, the ministry will work to establish cross-government working teams to support major investment projects. This could include the establishment of Provincial Economic Transformation Teams to ensure that tourism investment projects involving multiple ministries are reviewed and supported in a coordinated fashion.

The ministry will also collaborate with the Office of the Provincial Development Facilitator on projects that require large-scale planning and development support and on projects having infrastructure and/or environmental issues.

To familiarize new investors with Ontario's tourism industry and investment opportunities, the ministry will support familiarization trips and facilitate senior level government meetings for key investment decision makers.

It will also continue to work to ensure that government's business support programs and services are available to the tourism industry and that new programs include tourism as a target sector. To that end, the ministry will participate in project review committees to champion tourism investments that are strategic for the province.

We need to have a whole-of-government approach to infrastructure investment, access to capital and investment attraction to help encourage more innovation, creativity and economic growth.⁹

OBJECTIVE 5

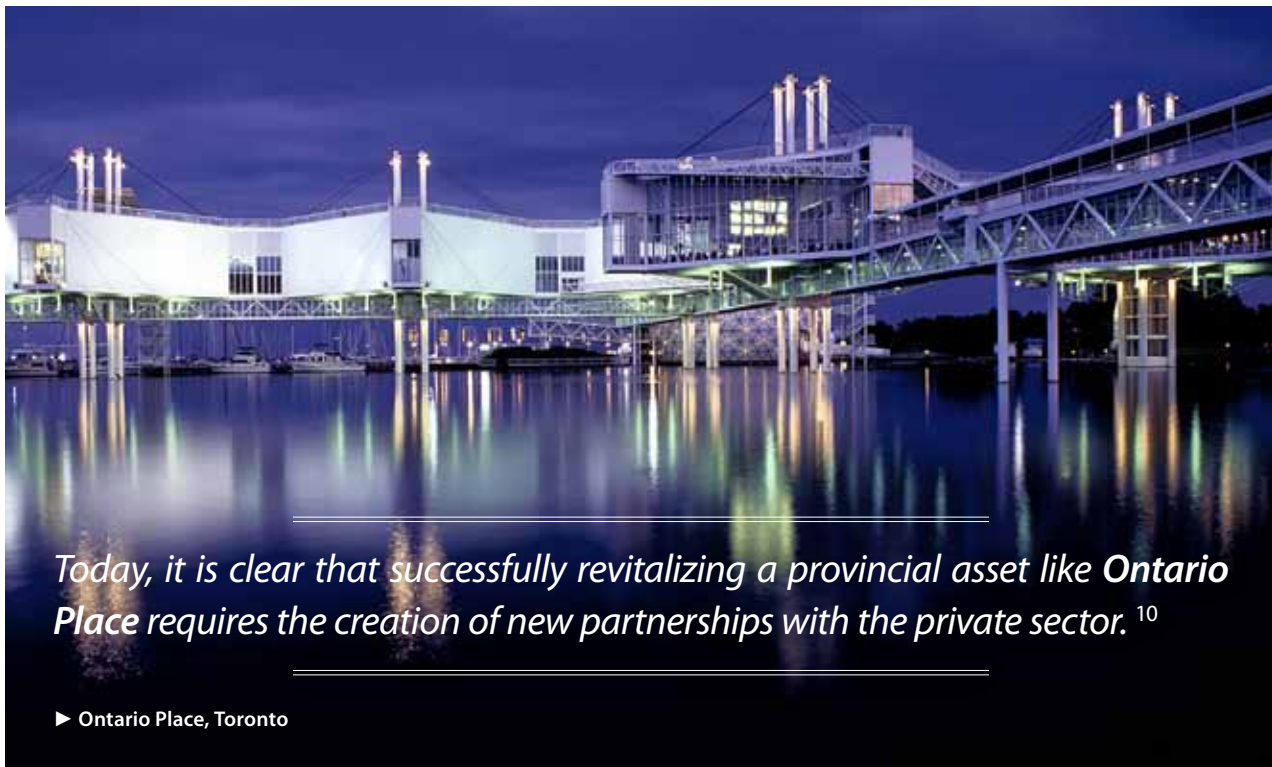
Continue to identify provincially owned assets as opportunities for investment attraction.

Discovering Ontario — A Report on the Future of Tourism advocated transforming provincial attractions and noted that many attractions remain in need of investment to allow them to achieve their potential as major tourism attractions.

Current economic realities require that all sectors re-examine how they do business in order to compete globally. This is no different for Ontario's tourism sector which must also find creative new ways to attract investment opportunities, including adding to Ontario's tourism product offerings through public/private partnerships.

The vision for the future revitalization of Ontario Place is an example of what could be achieved when provincially owned assets are seen as opportunities for private sector investment.

Going forward, the Ministry of Tourism, Culture and Sport will work with the Ministry of Infrastructure to identify key public properties with potential for private sector tourism investment, while continuing to work with its Tourism Agencies Branch to identify opportunities for public/private partnerships.



*Today, it is clear that successfully revitalizing a provincial asset like Ontario Place requires the creation of new partnerships with the private sector.*¹⁰

► Ontario Place, Toronto

SERVICE OFFER FOR INVESTORS

The Ministry of Tourism, Culture and Sport has a team of professional, experienced staff dedicated to identifying investment opportunities, generating leads and supporting tourism investment.

SERVICES PROVIDED BY THE TEAM INCLUDE:

- The latest information about Ontario's economy and business climate.
- Province-wide searches for unique sites and properties specific to an investor's needs.
- Information on government incentive programs.
- Support for community visits.
- One-window service for accessing federal, provincial and municipal officials.
- Introductions to business facilitators.
- Marketing partnership support.

HOW OUR PARTNERS CAN HELP

Success in achieving these tourism investment attraction strategy objectives requires the support and collaboration of Ontario's tourism partners who all have a role to play in raising the industry's profile and in helping to secure international investment.

INDUSTRY PARTNERS CAN HELP BY:

- Working with the government to raise the profile of tourism as both an economic driver and an investment priority by strengthening relationships with local Economic Development Offices, Investment Promotion Agencies and municipal leaders.
- Working with regional partners to identify major tourism generators, establish relationships with existing local businesses and consult on future investment plans.
- Highlighting local tourism strengths and clusters, as well as identifying and developing market-ready investment opportunities.
- Facilitating incoming missions, as well as providing local information and key contacts to support new tourism development.
- Working with local planners to incorporate tourism development into official plans.

ENDNOTES AND RESOURCES

Ontario's tourism sector is an important contributor to the province's vibrant economy. Given that the sector faces significant international competition, it requires constant innovation and the development of new and improved experiences in order to strengthen Ontario's reputation as a premier tourist destination.

The Government of Ontario recognizes the need to attract international investors to support innovation within the sector and to ensure the overall

growth of the industry. The strategy outlined in this document demonstrates how Ontario will attract this much needed investment.

Successfully attracting investment will require the combined effort of government, the province's tourism partners and numerous municipal, provincial and federal groups working to support and grow Ontario's economy.

ENDNOTES

- ¹ Miller Dickinson Blais. *Ontario's Tourism Investment Strategy and Implementation Plan*. 2011.
- ² *Ripley's Begins Building \$130-Million World-Class Family Aquarium in Toronto*. August 17, 2011. (Ripley Entertainment news release.)
- ³ Miller Dickinson Blais. *Ontario's Tourism Investment Strategy and Implementation Plan*. 2011.
- ⁴ *World Economic Forum, Global Competitiveness Report, 2008, 2009, 2010 and 2011*.
- ⁵ Ministry of Tourism. *Discovering Ontario — A Report on the Future of Tourism*. 2009.
- ⁶ PKF Consulting. *Investment in Ontario's Accommodation Sector 2000-2011*. 2012
- ⁷ *Merlin Entertainments Announces Plans for First Attraction in Canada*. May 24, 2012. (Merlin Entertainments news release.)
- ⁸ Ministry of Tourism. *Discovering Ontario — A Report on the Future of Tourism*. 2009.
- ⁹ *Ibid.*
- ¹⁰ Ministry of Tourism, Culture and Sport. *Ontario Place Revitalization, Minister's Advisory Panel Report*. 2012.

RESOURCES

Ministry of Tourism, Culture and Sport

www.ontario.ca/tourism

Ontario's Tourism Investment Strategy and Implementation Plan

www.ontario.ca/tourism

Discovering Ontario — A Report on the Future of Tourism

www.ontario.ca/tourism

Ministry of Economic Development and Trade

www.ontario.ca/economy

Invest in Ontario

www.investinontario.com

Ontario Tourism Marketing Partnership Corporation

www.tourismpartners.com

ONTARIO'S VALUE PROPOSITION

REASONS TO INVEST IN ONTARIO'S TOURISM SECTOR ▼

FIRST CHOICE FOR INVESTORS

Ontario is Canada's leading destination for foreign direct investment.

SIGNIFICANT TOURISM MARKET

158 million consumers are within a day's drive of southern Ontario. In 2011, \$23 billion in revenue was generated by 104 million tourists.

ACCESS TO CAPITAL

Toronto is home to Canada's secure and enviable financial sector ranked the most sound in the world for four years in a row by the World Economic Forum.

LOW TAXES

Ontario's corporate income tax rate is lower than the average U.S. rate.

REMARKABLE TALENT

Ontario boasts a diverse, multilingual, highly educated and available workforce.

GREAT BRAND

International business consulting group FutureBrand has dubbed Canada the best country brand in the world.

COST COMPETITIVE

Among the 30 largest North American cities, KPMG ranks Toronto second for lowest business costs.

EASY TO REACH

Toronto's Pearson Airport is the fourth largest entry point into North America with direct flights to 54 U.S. cities and 99 other international cities.

GROWING AND STABLE ECONOMY

The International Monetary Fund has forecast Canada to have the highest economic growth among G7 countries for 2012.

BUSINESS FRIENDLY

The Government of Ontario has dedicated programs and services to support international investment, major events, site visits and business feasibility studies.

GREAT QUALITY OF LIFE

Ontario offers safe and welcoming communities, an affordable cost of living and robust public services that include comprehensive healthcare.

CONTACT US

For more information about investing in Ontario's tourism industry or to learn more about the government's tourism investment attraction strategy, please contact:

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▶ Niagara-on-the-Lake

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