



**Working together on Tourism issues in  
North Western Ontario**

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## **A road map for rebuilding the tourism industry in Northwestern Ontario**



**A unique world class tourism destination**

# A unique world class tourism destination

## Executive Summary

### About Northwestern Ontario

NW Ontario is an area from White River to the east and the Manitoba border to the west. There are over 788 resource based operators with over three quarters of them located in western NW Ontario (a line north from Atikokan to the Manitoba border). *The Resource Based Tourism Industry is almost exclusively dependent on visitors from the US.*

### Tourisms Role in Northwestern Ontario

Sunset Country is an area made up of Kenora and Rainy River districts. Sunset Country tourism supported 12,235 full-year jobs, \$451 million in economic activity, wages and salaries in excess of \$393 million and \$185 million in Federal, Provincial and municipal taxes. US visitors represent 79% of tourism expenditures in Sunset Country with Resource Based Tourism relying on US visitors for almost 100% of its expenditures. This dependence is caused by poor roads from the east, high costs to get here from other areas in Canada, and no consumer train or bus service.

### Current Environment

The results of a spring 2008 survey of operators, indicates 80% of the lodges reported lower bookings for 2008 over 2007. Bookings overall were down 16%. In 2007 the gross income was down an average of 9% over 2006. Operators named the border, fuel costs, exchange rates, the poor US economy and poor government policy as reasons for the industries current condition.

### **NO More Studies or Strategies. It is time for results.**

The industry does not need another study, or a new strategy. It simply needs the government to adequately invest in the strategy that we currently have. We are experiencing low awareness of NW Ontario due to limited marketing, perception problems, poor infrastructure, and limited offerings due to the government's lack of investment. This is compounded by limited access to capital for businesses.

Increased marketing and the border issues were the two issues identified in both the 2002 Fort Frances Fresh Water Fishing Centre and the 2008 National Marine Manufactures Association survey (available in October 2008). Our issues have not changed.

### Losing Market Share

Northeastern Minnesota resorts have grown from \$17 million to over \$76 million/year from 1985 to 2006 while the number of resorts has declined. Between 2001 and 2004 Northeastern Minnesota resort gross sales have had double digit growth while NW Ontario has seen steady decline.

## Critical issues

### a. **Border**

The minor criminal issue is costing Canada millions of dollars annually.

Treatment of visitors entering Canada is less than acceptable for a country so dependent on tourism.

#### **Recommendations:**

- Call for review of Canada Border Service Agency's (CBSA) overall enforcement consistency at all ports of entry into Canada.
- Call for review of CBSA procedures for training and monitoring agents who are visitor's first contact when entering into Canada.
- Review CBSA's interpretation of minor criminal offences to recognize what might be a security risk.
- Clearly communicate relevant changes impacting visitors to Canada.

### b. **Marketing**

Potential Midwestern US travelers to NW Ontario are being bombarded by many world destinations. Canada and Ontario have very little presence on major marketing venues.

#### **Recommendations:**

- Increase marketing that promotes travel to Ontario to augment the \$11.3 million already spent by tourism industry.
- Provide support to move the Ontario Travel Information Centre located in Fort Frances.

### c. **Infrastructure and Attractions**

There is a very serious lack of infrastructure for the traveling public, ie. poor roads, lack of rest areas and historical way sides.

#### **Recommendations:**

- That Ontario makes significant investment in public infrastructure that supports tourism by:
- Creating additional world class attractions and improving highways, modern wayside rests areas, tourism pullover historical markers and signage.

### d. **Business Assistance**

Because of the mandates for better water, sewage, fuel and propane handling systems very little spendable income is available for facility upgrades and improvements.

#### **Recommendations:**

- Ontario should provide and promote incentives such as low interest loans for modernizations especially for unfunded mandates.
- Reinstate the PST rebate.
- Implement the "Modernization of Tenure for Commercial Outpost Camps on Crown Land in Ontario" with a phased in approach.
- Incorporate hospitality skills development as a part of the Ontario curriculum.

**e. Identification of Unique Products.**

Since tourists are often looking for unique experiences there should be a mechanism established whereby a particular experience can be listed as UNIQUE and given special status. This status would ensure that Ministry policy and practice do not compromise the uniqueness of the product (experience). For example: a fly-in fishing, hunting or eco-experience can only be unique if the REMOTENESS part of the experience is protected. Therefore, all policy and practice by the various Ministries (Tourism, Natural Resources, Northern Development and Mines) must protect the remoteness factor. This would ensure the long term continuation of a unique and special tourism attraction.

***Recommendation:***

- That there be criteria established that would identify a ‘unique product’.
- That there be a mechanism developed that would establish unique product status.
- That once a unique product is established, the Ministry of Tourism develop criteria and operating practices that will ensure that the unique product continues to retain its uniqueness.

**f. Advocate.**

The tourism industry desperately needs a strong ADVOCATE that:

- a. Understands the industry
- b. Promotes the value of the industry within government and outside of government circles
- c. Continuously works within government (across Ministries) to educate, and guard against other Ministries from inadvertently developing policies or practices that will have a negative impact on the Tourism Industry.

It is a regular occurrence for many tourist operators to have to fight for the best interests of the tourism industry because no Ministry in government is doing such.

If the tourism industry is to survive within an increasingly aggressive and sophisticated marketing program from other countries, it must have a strong government advocate who continuously protects that which makes the industry special.

***Recommendation:***

- That there be a mechanism established to assist the Ministry of Tourism in becoming a strong advocate for the Tourism Industry.

**g. Accountability.**

The various Ministries that have an impact on the Tourism Industry must be held accountable for their actions.

When policy is developed government is responsible to ensure that it will not harm industry.

When policy is implemented in the field, government must be held accountable to ensure that the implementation/interpretation at the local level is in fact congruent with the strict intent of the policy. When government agencies, regions, employees etc. deviate from the intent of policy, accountability must be visible. At present the industry is accountable for its actions but the various Ministries do not seem to be.

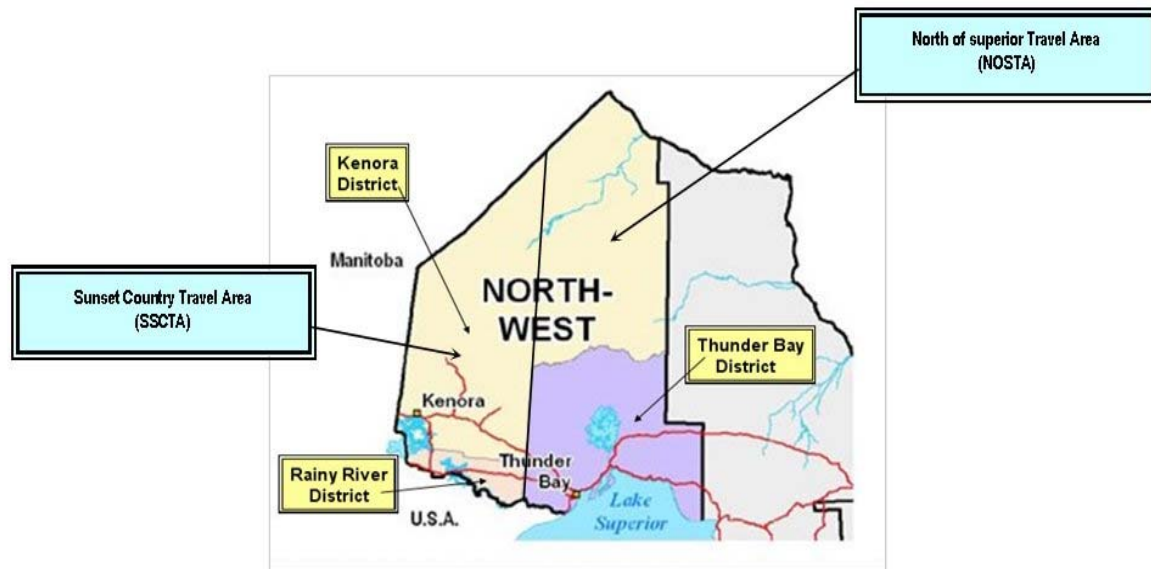
***Recommendation:***

- That there be an Accountability Committee established to review Ministry's actions as they impact on the Tourism Industry.
- The committee would comprise of representatives of the Ministry of Tourism, and the Tourism Industry. The committee would meet as needed to oversee implementation of policy when the industry feels that implementation may be misinterpreted.
- This committee would bring all key Ministries representatives together in a non-confrontational effort to resolve issues brought before them.

## A unique world class tourism destination

The Kenora District Camp Owners Association or (KDCA) and the Northwestern Ontario Tourism Association or (NWOTA) represent tourism advocacy throughout North Western Ontario. In 2005 we signed a MOU to work together on important tourism issues. As an active lobby group we address critical issues facing the tourism industry and the economy of North Western Ontario.

Tourism is vital to the economy of North Western Ontario (White River to the Manitoba border). In Sunset Country Travel Association (SSCTA) area (Kenora and Rainy River Districts) alone tourism employs nearly 10,000 individuals and contributes \$ 451 million to the economy.<sup>1</sup> An average of more than half a million visitors cross into Sunset Country from the US annually.



<sup>1</sup>2001 Economic impact study of Sunset Country. [http://nwota.com/files/22108-Final-Report-Sunset-Country\(2\).pdf](http://nwota.com/files/22108-Final-Report-Sunset-Country(2).pdf)

## **Tourism's Role in the Economy of North Western Ontario**

There are 788 resource based tourism operators in Northwestern Ontario with 65% located in the Kenora and Rainy River Districts, which is defined roughly as the travel region of Sunset Country. In Sunset Country, tourism supported directly and indirectly 12,235 full-year jobs, \$451 million in economic activity, wages and salaries in excess of \$393 million; and \$185 million in Federal, Provincial and Municipal taxes<sup>1</sup>. At the time the study did not include NOSTA.

43% of the tourism income in Northern Ontario is generated in NW Ontario, with 70% of all overnight visitor spending within Sunset Country, 30% in NOSTA.<sup>2</sup>

These accommodation businesses range between hotels to remote wilderness lodges. Tourism is, however, primarily driven by resource based activities. Visitors enjoy fishing and hunting opportunities in an unbelievable wilderness setting. The industry is a strong advocate of responsible stewardship and is, more and more, moving to zero impact models.

Most businesses remain owned by independents. The branding and corporatization of the accommodation industry that occurred from the mid 70's to the 1980's left the family lodge business in the Northwest untouched. This brings with it both great advantage and weakness.

Resource based tourism is largely located adjacent to Crown Land and shares the landscape with local recreation, forestry, mining and energy production.

Tourism in Sunset Country is an export business, which is heavily reliant upon our American neighbors. American visitors to the area contribute 79% of all tourism expenditures. With resource based tourism it is closer to 100%. In economic terms, Tourism in Sunset Country is a wealth generating industry.

Unlike the Grand Canyon, we are an annual destination. Our customers visit year after year. Annual trips to the Northwest become a family tradition.

<sup>2</sup>MTR Research web site 2004

## Current Environment

KDCA/NWOTA endeavors to track and quantify data relating to the resource based industry in Northwestern Ontario. This has been accomplished by means of primary data such as the independent Pannell Kerr Forster Consulting Inc Report<sup>1</sup> or internal surveying. The association also uses secondary data sources such as that compiled by the Ministry of Tourism, CBSA, Statistics Canada and relative US sources in an attempt to strengthen our common understanding of influences, changes and opportunities for the industry within the region.

The annual survey of resource based operators completed in April of 2008<sup>3</sup> provided the following results:

- 79.6% of lodges reported lower bookings for 2008 over 2007.
- Overall 2008 bookings are down 15.8%
- For the 2007 year gross income was down an average of 8.97% over 2006.
- Operators named border issues, fuel costs, exchange rates, the US economy and poor government policy as the reasons for the industries current strife.

## **Markets**

Visitors to Sunset Country's resource based industry come from the upper mid west states Travelers mainly visit in groups. Travelers are predominately male, although in recent years a slight increase in families and women has been noted.

**A review of Sunset Country Travel Area  
Overnight visitor spending by state  
2004**

Sunset Country Travel Area			
	State of Origin	Spending	%
1	Minnesota	\$93,084,024	26.7%
2	Wisconsin	\$67,675,582	19.4%
3	Illinois	\$56,843,735	16.3%
4	Iowa	\$25,278,562	7.3%
5	Missouri	\$24,208,679	7.0%
6	Indiana	\$16,781,026	4.8%
7	Texas	\$16,410,526	4.7%
8	Kansas	\$6,185,355	1.8%
9	Tennessee	\$6,013,126	1.7%
10	Ohio	\$4,318,000	1.2%

MTR regional profile, CC63 & CC60

Northwestern Ontario's outdoor beauty and wilderness experience attracts US visitors from every sector of society from the business owners and corporate executives to the factory workers and from every state in the union.

<sup>3</sup>2008 NW Ont RBT Survey Results. [http://nwota.com/files/u2/I\\_Tourism\\_ReportNWOTA\\_KDCA\\_May\\_23\\_2008\\_FINAL.pdf](http://nwota.com/files/u2/I_Tourism_ReportNWOTA_KDCA_May_23_2008_FINAL.pdf)

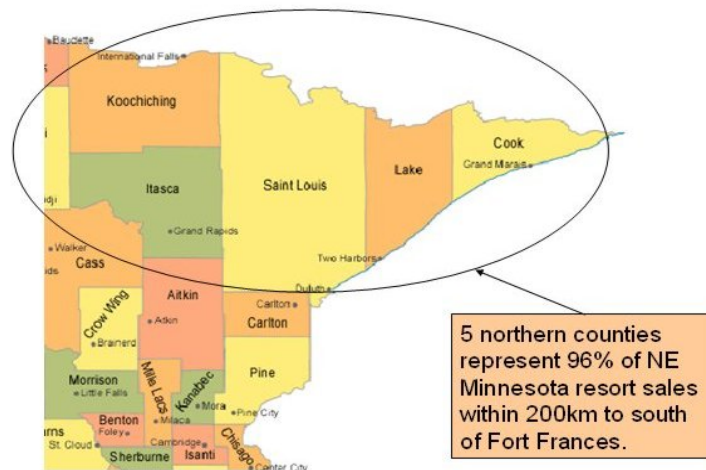
The major reason for the heavy dependence on the US market is the lack of investment in transportation options to access and travel within the region. Airfare from Toronto to Fort Frances, Dryden or Red Lake is easily a thousand dollars. Both train and bus service is limited. It would, for example, be impossible to travel the 500 kilometers from Thunder Bay to Rainy River on public transit.

During the summer of 2008 KDCA/NWOTA conducted an intentions survey of visitors to last springs National Marine Manufactures Association (NMMA)<sup>4</sup> sports shows in the US Midwest. This report will be available at [www.nwota.com](http://www.nwota.com) on September 30<sup>th</sup>. Fifteen thousand people were sent the survey with almost 12% responding, 68% had never visited Northwestern Ontario and were not planning a visit in the near future. For 36% of these respondents their explanation could be linked to insufficient marketing.

65.2% of those that had not been to NW Ontario said NW Ontario was a great place to go fishing. 99% percent of those who had visited Northwestern Ontario in the past reported a positive experience.

It is a common misconception that fishing and hunting enthusiasts are dwindling. Further, so - called experts feel we should look to new products and further markets. This, in fact, is patently false and based on opinion without any supporting studies. Like all industries we must change with the times, but what we are experiencing is Northern Minnesota's growth at Northwestern Ontario's loss.

## NE Minnesota



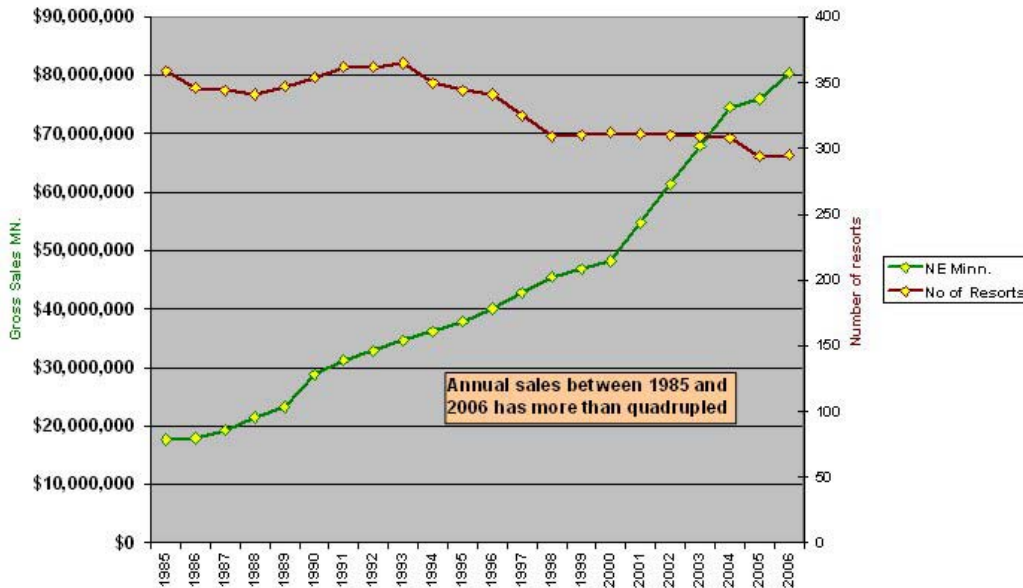
In the Northern Counties of Minnesota, (Atkin, Carlton, Cook, Itasca, Kanabec, Koochiching, Pine and Saint Louis) resort gross sales have grown from 17 million dollars to over 76 million dollars from 1985 to 2006, a factor of 4.5, while the number of resorts has declined. NE Minnesota has grown in the double digits from 2001 to 2004 while NW Ontario has seen a steady decline.<sup>5 & 6</sup>

<sup>4</sup>2008 NMMA visitor survey. [www.nwota.com](http://www.nwota.com) (will be available by end of September)

<sup>5</sup>Minnesota research web site [www.exploreminnesota.com](http://www.exploreminnesota.com)

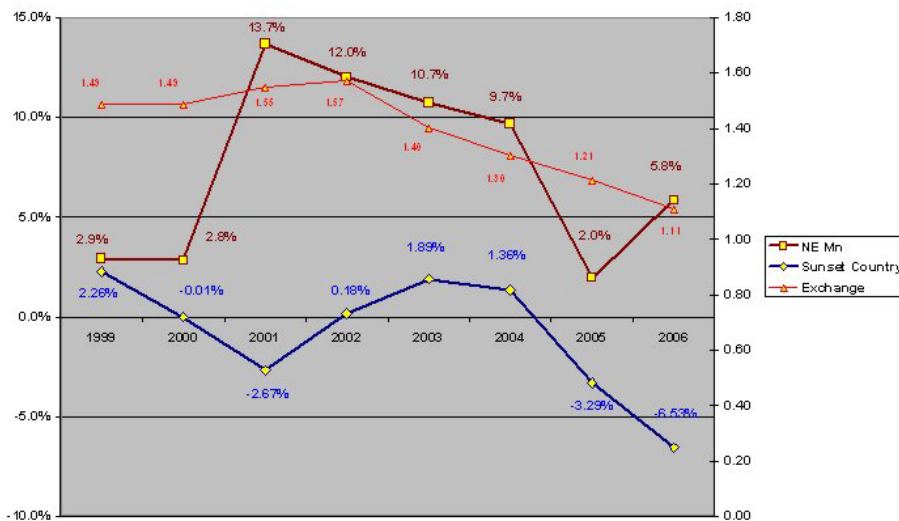
<sup>6</sup>Stats Canada and Exploreminnesota.com

**Annual Sales, NE Minnesota resorts**  
 Ten counties roughly 200km south of Fort Frances, 1985 through 2006,



Minnesota research data shows 279,623 people live within the five counties of Minnesota that are in the 200 km radius of Fort Frances. This is 3.7 times the size of the total population of Sunset Country. The economy is dramatically more diverse and the industry posts gross sales almost 5 times the size of the economy of Sunset Country<sup>7</sup> Northern Minnesota has become a major American Destination, advertising itself as the land of 10,000 lakes. The land of 10,000 lakes is growing on the market share losses of its poor Northern neighbour the land of 150,000 lakes.

**Comparison Ontario US visitors and Minnesota resort sales**  
 Difference to previous year, NE Mn. Sales and NW Ont. 2+ night visitors, Fort Frances/Rainy River



<sup>7</sup>2002 Fort Frances Sport Fishing Centre Study. [http://nwota.com/files/u2/Ft\\_FrancesSportFishingCentreRpt.pdf](http://nwota.com/files/u2/Ft_FrancesSportFishingCentreRpt.pdf)

## **Critical Issues:**

Although the industry is suffering the effects of the weak American dollar and economy coupled with higher gas prices the industry understands that these impact factors are out of the control of Canadian governments.

The Issues accompanied by research and policy recommendations laid out in this report include:

- a. Border Issues
- b. Marketing
- c. Infrastructure and Attractions
- d. Business Investment Assistance
- e. Identification of Unique Products
- f. Advocate
- g. Accountability

**a. Border Issues**

Increased border security and resulting treatment of American visitors to Canada impact the industry. Further marketing and publicity surrounding the increased security enforcement has chased away many potential guests. In this environment we encourage the Province of Ontario to actively lobby the Federal Government to implement our recommendations for Canada Border Service Agency (CBSA).

While CBSA and border security are outside of the purview of the Provincial Government, participating in solutions to counter act the environment is not.

In May of 2007, KDCA/NWOTA, SSCTA and Patricia Regional Tourist Council (PRTC) surveyed<sup>8</sup> their members asking the economic impact of their guests that were not allowed into Canada.

While the study documents the economic impact of visitors that were turned back between 2002 and 2006 it does not represent the total loss to NW Ontario. It only shows the loss's our members were aware of and from those that were willing to participate.

**Total loss to Ontario**

	Total
<b>Reported Loss</b>	<b>(\$10,740,811)</b>
<b>Economic Activity</b>	<b>(\$10,528,662)</b>
<b>Labour, Full year</b>	<b>(\$5,812,524)</b>
<b>Full-Year Jobs</b>	<b>(171)</b>
<b>Direct Taxes</b>	<b>(\$3,763,001)</b>
<b>Total Taxes</b>	<b>(\$5,581,367)</b>

The survey does not include the cumulative economic impact of someone rejected who will not be back until rehabilitated nor those who will never come back nor the bad publicity caused by those turned back. Many of these visitors have been coming for many years and some are part of families that have been coming for generations. These losses are only the tip of the ice berg. It is impossible to know the impact this policy is having not only in NW Ontario but all across Canada. (A copy of the border turn back members survey is available at [www.nwota.com](http://www.nwota.com))

**Recommendation**

- **Call for review of Canada Border Service Agency's (CBSA) overall enforcement consistency at all ports of entry into Canada.**
- **Call for review of CBSA procedures for training and monitoring agents who are our first contact for visitors to Canada.**
- **Review CBSA's interpretation of minor criminal offences to recognize what might be a security risk.**
- **Clearly communicate relevant changes impacting visitors to Canada**

<sup>8</sup>KDCA/NWOTA, Sunset Country and Patricia Regional Tourist Council operator survey.

## **b. Marketing**

We believe that the Province and the Federal government have a significant role to play in expanding its marketing efforts selling the product “Ontario” and “Canada”.

The tourism industry, through its individual efforts including SSCTA is spending millions (\$11.3m)<sup>1</sup> selling tourism businesses in western Northwestern Ontario. The problem is our customers are being bombarded by major marketing efforts from all around the world. Both Canada and Ontario need to do more marketing in order to be competitive with other world destinations.

The “noise” of advertising has exploded over the past 20 years in our targeted markets. Both the Federal and Provincial governments must turn up the volume of our messages, The market is still there but the message is being lost.

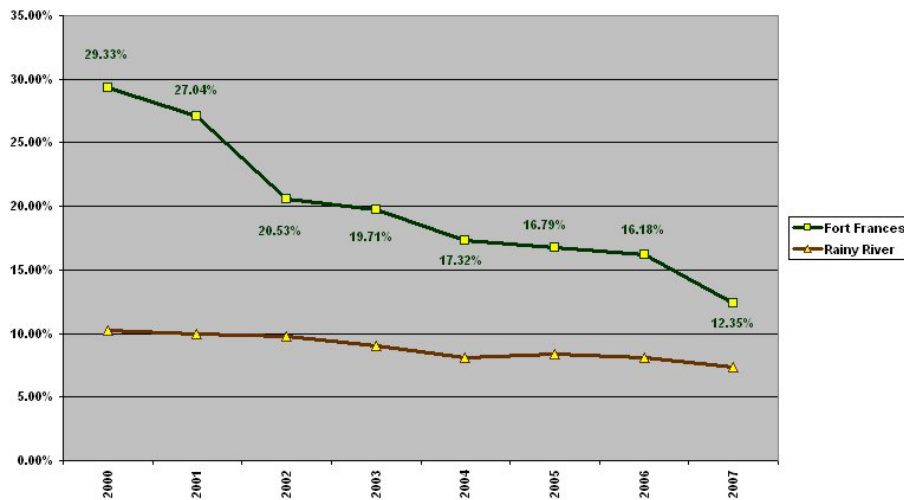
For the past 36 years, Western Northwest Ontario has experienced zero growth averaging around 250,000 overnight visitors per year between May and October. Many feel our marketing efforts are just maintaining what we have and in effect, we are competing with our neighbors.

OTMPC northern committee has been very responsive to our request for more funding and in particular marketing without partnership buy in, but may not yet be proportional to NW Ontario contribution.

When the new Canada Customs building was opened in a new location in 2000, the Ontario Travel Center at Fort Frances was no longer easily accessible to visitors. Despite numerous delegation to Toronto, meetings with a string of tourism Ministers and declining visitation, the Province continues to refuse to move their facility. This in action has become a symbol of the level of concern that Province expresses for tourism in the region.

## Ontario Travel Centers

Percentage total visitors that cross into Canada and stop at the travel centre



Looking at a ratio of those that visit the travel center compared to those that cross the border there has been a major drop in visitations affecting every tourism operator that leave their brochures at the centre.<sup>9</sup>

### Recommendation

- **Increase marketing that promotes travel to Ontario to augment the \$11.3 million already spent by tourism industry.**
- **Provide support to move the Ontario Travel information Centre located in Fort Frances.**

### c. Infrastructure and Attraction

The difference between tourism in Sunset Country and Niagara Falls is not the quality of the experience we can offer, but the level of investment building on the natural experience and the level of assistance provided by the Government to our communities and businesses to extend and diversify the stays for visitors.

**We believe that the Province of Ontario has a significant role to play in developing and maintaining the infrastructure necessary to attract a more diversified tourism customer as well as improve the value add experience for the customers we currently attract.**

### Roads and Waysides

We are pleased that Ontario has signed another Infrastructure agreement with Canada and recent announcements regarding investments in studies to twin the TransCanada in Sunset Country are welcome but we are generations behind our competitors in both road infrastructure and waysides.

### Recommendation:

**Ontario must communicate that they value the tourists traveling to our region by:**

- **Significantly investing in upgrading our main highways is absolutely essential.**
- **Significantly investing in road side stops, turn-offs, and washrooms.**

<sup>9</sup>Based on data from MTR.

Attractions

The Government of Ontario must increase its investments in attractions and heritage properties across Northwestern Ontario. The Province contributes to value adding tourism experiences in travel regions by directly owning or managing attractions. The Province owns these properties either directly or through a variety of corporations, such as the Ontario Heritage Trust who manage 24 heritage attractions.

The Ontario Heritage Trust manages 20 attractions in Central and Southern Ontario, two in the North East, one in Britain and one in Northwestern Ontario. Somehow we are doubtful that within the 526,371 square kilometers there is just one building that could become an attraction – that is deserving of Provincial involvement. Through the various agencies the Province owns at least 40 attractions in the Province. In total the Province of Ontario owns just 2 attractions in Northwestern Ontario.

Total Assets in Southern Ontario	34
Total Assets in Northern Ontario	5
Ministry of Culture Assets in GTA	7
Ministry of Culture Assets in Foreign Countries	1
Ministry of Culture Assets in Northwestern ON	1

**Recommendation:**

- **Ontario must create additional world class attractions and support more value added experiences in the Northwest. Ontario must seeking out heritage and tourist attraction opportunities and fund their operations.**

**d. Business Investment Assistance**

Accommodation operators are re-investing their profit back into Sunset Country’s tourism product, as evidenced by the fact that the average profit per unit was \$9,500 in 2001, with 7-in-10 operators re-investing approximately \$11,000 per unit back into their operation during the same year.

We are pleased that the Government of Ontario included nature based tourism in the potential businesses eligible for Northern Ontario Heritage Fund loans.

We would urge the government to increase support to our industry when the program is renewed or changed by expanding the programs to include legislated upgrades such as water and sewer, gas storage or accessibility regulations. Ontario should provide and promote incentives such as low interest loans for modernizations especially for unfunded mandates.

Recent successful pilot, student retention programs, that trained youth in alternative secondary school tracks by providing hospitality skills developed should be expanded and available annually.

**Recommendations:**

- **Ontario should provide and promote incentives such as low interest loans for modernizations especially for unfunded mandates.**
- **Reinstate the PST rebate.**
- **Implement the “Modernization of Tenure for Commercial Outpost Camps on Crown Land in Ontario” with a phased in approach.**
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Since tourists are often looking for unique experiences there should be a mechanism established whereby a particular experience can be listed as UNIQUE and given special status. This status would ensure that Ministry policy and practice do not compromise the uniqueness of the product (experience). For example: a fly-in fishing, hunting or eco-experience can only be unique if the REMOTENESS part of the experience is protected. Therefore, all policy and practice by the various Ministries (Tourism, Natural Resources, Northern Development and Mines) must protect the remoteness factor. This would ensure the long term continuation of a unique and special tourism attraction.

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- This committee would bring all key Ministries representatives together in a non-confrontational effort to resolve issues brought before them.

**Conclusions**

Looking forward the opportunities to grow tourism in Northwestern are abundant. While a new theme park can be built anytime, the world will never grow another clear, cool, clean Northern Lake. In the years to come, with wise investments and solid partnerships between government and industry we can all prosper.

We do not need to wade into new markets, but deepen our saturation in the ones we now occupy. The industry does not want to be studied further or be the focus of yet another task force.

We live our lives up to our elbows in our small businesses. In the summer we personally entertain our guests, in the winter we visit the states from which our guests come. We understand our potential, our markets and what will be required from both government and ourselves to better this industry.

We know that the membership of NWOTA and KDCA are prepared to take the steps necessary to salvage and once again grow tourism in Northwestern Ontario. We hope that we can expect the same response from the Province of Ontario.