

Building Investment-Ready Destinations: Unlocking Tourism Product Development and Private Investment Across Ontario

Ontario has an opportunity to strengthen economic growth by unlocking greater private-sector investment across one of its most resilient and service export-oriented industries. Tourism already generates nearly \$33 billion in annual visitor spending, supports hundreds of thousands of jobs across every region of the province, and delivers significant tax revenues to all three levels of government. While global trade uncertainty and tariffs continue to challenge many sectors of the economy, Ontario's visitor economy has demonstrated remarkable resilience, supported by strong domestic travel demand, favourable exchange rates, and renewed growth from international markets. Looking ahead, *Forward Motion: Ontario's Tourism Industry Strategy* charts an ambitious but achievable path to increase visitor spending to \$38.1 billion annually by 2030, generating more than \$1.5 billion in additional annual tax revenue and supporting over 35,000 new jobs.

Realizing this opportunity, however, will require more than growing visitor demand. Across Ontario, tourism businesses are ready to invest in new attractions, accommodations, experiences, and infrastructure, but too many viable projects are held back because of rising construction and borrowing costs, financing constraints, regulatory complexity, infrastructure gaps, workforce pressures, and lengthy approval processes. Ontario's tourism industry does not face an investment interest challenge; it faces a capital formation challenge. National tourism capital investment remains approximately \$4 billion below 2018 levels; Ontario's rate of private-sector tourism investment trails the national average by 18%, signalling both the scale of the challenge and the opportunity to reverse it.

Ontario has already demonstrated leadership through investments in destination marketing, festivals and events, transportation infrastructure, tourism attractions, and regional economic development. The next opportunity is to complement these initiatives with targeted tools that encourage businesses to invest alongside government; leveraging public investment, reducing project risk, and accelerating the development of new tourism products and experiences that strengthen Ontario's competitiveness.

To help achieve this objective, Tourism Industry Association of Ontario recommends two complementary investment tools:

- An Ontario Tourism Product Development Fund (OTPDF) to accelerate the creation, enhancement, and commercialization of market-ready tourism experiences.
- A Tourism Capital Investment Tax Credit (TCITC) to reduce development costs, improve project feasibility, and stimulate private-sector investment in tourism infrastructure and visitor experiences.

A Coordinated Investment Framework

The proposed Ontario Tourism Product Development Fund (OTPDF) and Tourism Capital Investment Tax Credit (TCITC) are designed to address different stages of the tourism investment lifecycle, providing complementary tools that help businesses move from concept development and market validation through to capital investment and long-term growth. Together, these fiscally responsible initiatives would reduce barriers to investment, leverage existing municipal, provincial, and private-sector investments, and accelerate the development of investment-ready destinations across Ontario. With an estimated provincial investment of \$30 million annually, the programs are projected to unlock \$105–165 million in private and external capital, generate \$300–435 million in economic output, and support 1,000–2,000 jobs across tourism, construction, and related sectors. In doing so, they would build upon Ontario's existing economic development investments while strengthening the visitor economy as a driver of provincial competitiveness, regional prosperity, and long-term economic growth.

Recommendation #1: Build Market Ready Tourism Experiences - Establish an Ontario Tourism Product Development Fund (OTPDF)

Tourism product development is one of the fastest and most cost-effective ways to increase visitation, strengthen destination competitiveness, and stimulate future private investment. New visitor experiences create reasons to travel, extend length of stay, encourage repeat visitation, and strengthen business revenues while helping communities differentiate themselves in an increasingly competitive global tourism marketplace.

While a recent TIAO industry survey demonstrates that tourism businesses across Ontario are actively pursuing product development and innovation, many operators lack the resources to fully design, test, refine, and commercialize new experiences. Strategic provincial support can help bridge this gap by reducing early-stage risk, accelerating market readiness, and creating the conditions that attract future capital investment into Ontario's visitor economy.

TIAO therefore recommends the creation of a **multi-year, matching fund (up to a maximum project contribution of \$125,000) to support the creation, enhancement, and commercialization of market-ready tourism experiences.**

This fund would provide targeted support for non-capital initiatives, including:

- Creation and enhancement of new and existing tourism experiences
- Development of trails, routes, corridors, and integrated visitor journeys (including multi-partner packages)
- Placemaking, animation, and community-activated initiatives
- Indigenous tourism product development
- Digital enhancements to storytelling, interpretation, booking, and ticketing

These initiatives can directly support business growth by enabling operators to develop higher-quality experiences, increase year-round demand and length of stay, deepen community engagement, and compete in new markets.

The fund could also be designed to provide **enhanced support for Indigenous-led projects, cross-regional collaborations, and multi-year product incubation.** By supporting the creation and expansion of experiences in Ontario, this fund would drive visitation, grow spending, and attract future capital investment.

The OTPDF also recognizes that municipalities and DMOs may choose to align Municipal Accommodation Tax (MAT) funding and activities with provincial programs to leverage impact. This stacking potential is a major strength of the proposal. It would allow willing communities to align MAT revenues, Community Improvement Plans, provincial tools, and other federal or local sources in ways that reduce project risk, improve feasibility, and support larger, more ambitious tourism developments than local funding alone could typically achieve.

Recommendation #2: Unlock Private Capital Investment - Introduce a Tourism Capital Investment Tax Credit (TCITC)

Capital investment is essential to expanding Ontario's tourism capacity, modernizing visitor infrastructure, and creating the attractions, accommodations, and transportation assets needed to support long-term visitor economy growth. Ontario's tourism businesses are ready to invest, however, rising construction costs, financing pressures, and project risk continue to delay or prevent otherwise viable development. Improving project feasibility is therefore one of the greatest opportunities available to accelerate private-sector investment across Ontario's visitor economy.

Targeted tax incentives have long been used by the Government of Ontario to stimulate investment, reduce financial risk, and leverage private capital across strategic sectors of the economy. Applying this same investment attraction approach to tourism would encourage businesses to modernize existing assets, expand capacity, improve visitor

experiences, and develop new tourism products that generate long-term economic growth across communities throughout Ontario.

TIAO is therefore recommending the introduction of a **10-20% refundable tax credit to reduce development costs for tourism businesses building, expanding, or modernizing assets**. TIAO is also proposing enhanced credits for northern, rural, Indigenous, and underserved regions, and for projects that are developed in partnership with municipalities or support organizations (on a voluntary basis).

The TCITC would provide targeted support for capital initiatives, such as:

- The construction, expansion, and modernization of tourism facilities and infrastructure
- Investment in equipment and technologies to support bookings, immersive installations, artificial intelligence (AI), and visitor management
- The development, modernization, and expansion of enabling infrastructure (including transportation)

The proposed TCITC would reduce upfront risk and strengthen the feasibility of investments across key subsectors, including accommodations, attractions, sport and business tourism, and transportation. In this respect, the TCITC applies the same investment attraction logic that has underpinned successful Ontario economic development tools such as the Southwestern Ontario Development Fund and Eastern Ontario Development Fund: using targeted public incentives to improve project feasibility, reduce investor risk, leverage local and external capital, and accelerate projects that might otherwise remain stalled.

Implementation Considerations

Both the OPTDF and TCITC could be funded with a \$30 million annual allocation from existing investment pools. This allocation is projected to unlock \$105-165 million in private/external capital, produce \$300-435 million in economic output, and create up to 2,000 jobs across tourism, construction, and related sectors (see Appendix A). Existing networks, including Invest Ontario, Ministry of Tourism, Culture, and Gaming (MTCG), and Regional Tourism Organizations (RTO) could support or deliver these programs efficiently and effectively.

The detailed administration of each program would appropriately be developed in collaboration with the Government of Ontario. However, several implementation considerations would help ensure that the tools are practical, transparent, and accessible to applicants across the province:

- **A streamlined application approach** that allows operators, municipalities, and other tourism stakeholders to understand eligibility and access the programs efficiently.
- **Clear service standards and intake timing** to support financial planning, funding coordination, and project sequencing, especially where applicants are stacking municipal, provincial, and federal sources.
- **Transparent screening and evaluation principles** that prioritize economic impact, readiness, strategic alignment, and regional benefit.
- **A prioritization framework** that rewards meaningful partnerships, local contributions, and projects that advance Ontario's competitiveness, visitor growth, and product diversification.
- **Public reporting and accountability** to ensure the programs demonstrate measurable return on investment and maintain confidence among government, applicants, and sector partners.

These elements are not intended to prescribe a final program model, but rather to signal that the proposed tools can be implemented in a manner that is fair, efficient, and aligned with broader provincial economic development practices.

Conclusion

Tourism is one of Ontario's highest-yield economic investments. Every \$1 invested in tourism promotion generates \$85 in visitor spending and \$9 in tax revenue. Tourism-led growth can also enhance talent attraction, downtown revitalization, and business competitiveness, supporting broader economic development across the province.

Ontario has an opportunity to protect and strengthen Ontario's visitor economy by removing long-standing barriers to tourism business growth and unlocking the private investment required to modernize, expand, and innovate across the visitor economy. Economic modelling shows that, with targeted investment, Ontario could achieve over \$4 billion in new annual visitor spending by 2030. This additional spending would lead to \$1.5 billion in additional annual tax revenue and support over 35,000 new jobs.

Achieving this growth is only possible if the province deploys targeted tools that enable operators to invest with confidence, develop new products, and strengthen their competitiveness. The proposed Tourism Capital Investment Tax Credit and Ontario Tourism Product Development Fund would provide fiscally responsible mechanisms to reduce cost pressures, mitigate risk, and stimulate private-sector investment.

Together, these complementary tools build upon the province's existing investments in destination marketing, infrastructure, capacity building, and regional economic development, creating a coordinated investment pathway that strengthens Ontario's visitor economy while generating lasting economic returns for communities across the province.

Further details, proposed design considerations, and economic modelling can be found in the following appendices:

- **Appendix A:** Program Design Details & Economic Impact Model
- **Appendix B:** Background Information, Data, and Investment Landscape

Appendix A – Proposed Design & Model - Product Development Fund, Capital Tax Credit, and Return on Investment

Build Market Ready Tourism Experiences:

Proposed Ontario Tourism Product Development Fund (OTPDF)

Building the Next Generation of Tourism Experiences Across Ontario

1. Purpose of the Fund

The Ontario Tourism Product Development Fund (OTPDF) is proposed as a flexible, partnership-driven, programmatic, matching funding tool (up to a maximum project contribution of \$125,000) that accelerates the creation, enhancement, and commercialization of new tourism experiences across Ontario.

It is designed to complement the province's existing Experience Ontario (EO) program by supporting the design, incubation, testing, packaging and enhancement of tourism experiences on a multi-year basis. Where EO funds the delivery of this year's festival or event, the OTPDF supports the development of collaborative, new tourism products over a 2-5 year horizon, ensuring a steady pipeline of new, market-ready visitor experiences that diversify local experiences, attract inbound markets, and support Ontario's Forward Motion tourism strategy.

The fund is designed to complement the proposed Tourism Capital Investment Tax Credit (TCITC) by enabling the programming, activation, and experience development required to bring new or revitalized tourism assets to life.

Both programs can be leveraged to support and amplify investments made by the province in Destination Ontario to attract more visitation and spending, RTO capacity to build regional collaboration with industry to expand product development, Municipal and DMO MAT funding and expertise, as well as not-for-profit tourism organizations' scale, scope and capacity.

The proposed fund directly supports the Ontario's Tourism Ecosystem and the new Forward Motion Strategy by:

- Building the next generation of Ontario tourism experiences, supporting innovation, market readiness, and all-season development
- Stimulating near-term visitor and spending growth while capital projects are underway
- Supporting experiences that require multi-year development, refinement, or packaging
- Encouraging collaboration among operators, DMOs, RTOs, municipalities, Indigenous partners, sector associations, and not-for-profits
- Providing experience "software" that animates capital investments
- Enhancing Ontario's ability to compete in a rapidly evolving global tourism market
- Helping Ontario communities convert local strengths into service export-ready tourism experiences
- Boosting opportunities for tourism businesses of all sizes as well as creating new or enhanced experiences for local communities
- Addressing the market gap left by reduced federal experience-based programming

2. Rationale for Creating the Fund

1. **Capital investment alone is not enough** - As seen with major projects, capital investment provides the physical environment — but programming, activation, and product development determine whether visitors show up, stay longer, and return. Product development provides the *software* that brings the *hardware* to life.

2. **Product development yields faster economic results** – Capital projects can take years to deliver tourism-related results. Product development projects (events, trails, digital experiences, collaborative packages) can be delivered in months, generating spend sooner, across both peak and shoulder seasons. This is critical for achieving the province’s target of 4% annual growth in visitor spending.
3. **An opportunity to leverage municipal portions of MAT revenues** – The recommended provincial product development fund could incentivize municipalities to provide matching funds from their MAT revenues into high-impact visitor economy programming compared to general municipal expenditures. Reduced PST rates for municipalities can also benefit project costs.
4. **A response to federal policy shifts** - The federal government is emphasizing capital, with less funding for programming or product development (e.g., reductions in experience-based envelopes, shifts at FedDev/FedNor) in 2026 and beyond. Ontario can become a national leader in tourism product development, filling the void left by federal programming reductions.
5. **A partnership-focused tool builds more capacity and alignment** - By recognizing and rewarding partnerships among key stakeholders, the proposed fund would:
 - Strengthen Ontario’s tourism ecosystem
 - Improve collaboration
 - Ensure projects are market-aligned, sustainable, and scalable
 - Allow small operators to build bundled experiences with shared risk
 - Make use of the “network effect” that drives higher visitor yield

2. Program Objectives

The Ontario Tourism Product Development Fund would:

- Accelerate the creation of new or enhanced tourism experiences – e.g., trails, events, cultural products, guided experiences, seasonal expansions.
- Improve market readiness – help operators package, brand, and commercialize experiences.
- Stimulate new partnerships – cross-operator, cross-region, or cross-sector collaboration.
- Leverage local and regional funding – e.g., municipality, DMO, not-for-profit.
- Support Indigenous-led product development – in alignment with Indigenous tourism priorities.
- Drive short-term visitor growth – while capital investments supported by the TCITC are underway.
- Build the pipeline for future capital investment – show viability and demand for new infrastructure.

3. Proposed Structure of the Fund

Funding Model:

- 50% cost-share
 - 60% project contribution to support Indigenous, northern/rural, major/signature, collaborative stakeholder Projects
- Maximum annual project contribution: \$125,000
- Multi-year funding available for projects requiring 2–5 years of development
- Matching funds may include:
 - Tourism Operator cash and in-kind
 - Municipal contributions (including MAT)
 - DMO (including MAT)/RTO/Sector Organization funds, cash or in-kind
 - Indigenous community investment
 - Sponsorship or philanthropic support

4. Experience Development, Enhancement, Commercialization & Market Readiness

The Product Development Fund would support a wide range of non-capital initiatives that strengthen Ontario's tourism offerings, enhance visitor experiences, and build the pipeline of market-ready and export-ready products across all tourism subsectors. Eligible activities are proposed to include, but not be limited to:

Experience Design, Development and Enhancement:

- New multi-year event concepts; transformation of existing events; development of event precincts; sport or business event attraction; and creation of new routes, precincts, or anchor experiences that integrate local operators and community programming.
- Experience development across culinary, wellness, agritourism, outdoor adventure, arts, culture and heritage, attractions and entertainment, waterfronts, accommodations, experiential retail, and other key sectors.
- Indigenous tourism product development, including community-driven experience design, cultural storytelling, and knowledge-sharing protocols.
- Shoulder-season or midweek activation and four-season conversion projects that diversify visitation patterns.
- Revitalization or reinvention of legacy events, exhibits, cultural programs, or longstanding tourism products.
- Placemaking and animation of tourism districts, waterfronts, villages, and recreational zones.

Collaborative Product Building:

- Creation of collaborative packages, itineraries, and multi-partner experiences that connect accommodations, attractions, events, retail, food and beverage, agritourism, and transportation services.
- Development of new trails, touring routes, themed corridors, and integrated visitor journeys (e.g., culinary loops, cultural trails, outdoor adventure circuits).
- Multi-community partnership development that links destinations, clusters, and regional experiences.

Digital, Technology and Booking-Related Enhancements:

- Online booking integration, unified ticketing and pass systems, and digital platforms that enable product bundling and coordinated visitor experiences.
- Experiential digital storytelling and content, and AR/VR or mobile-guided interpretation that enhance visitor engagement.
- Visitor services technology, including digital wayfinding, multilingual support tools, and smart tourism applications.

Sustainability, Accessibility and Operational Readiness:

- Development of low-impact or regenerative tourism experiences, sustainability programming, and visitor education tools.
- Accessibility improvements to programming, interpretation, and digital content, supporting AODA compliance and inclusive experience design.
- Workforce and skills development that strengthens operators' capacity to deliver high-quality, safe, culturally informed, and market-ready experiences.
- Market-readiness and export-readiness development for operators entering domestic and international markets, including training, certification, and product adaptation.

Creative, Cultural and Community-Animated Initiatives:

- Workshops, labs, and co-creation sessions with local artists, artisans, cultural producers, storytellers, and makers.
- Integration of arts, culture, and heritage into new or existing tourism products, including interpretive programming, creative residencies, and curated visitor journeys.

Further examples of Sector-Specific Experience Development:

- Accommodation-based experiences (thematic stays, curated itineraries, wellness add-ons).
- Culinary and food tourism experiences (chef collaborations, tasting programs, farm-to-table routes).
- Sports and recreation programming (guided instruction, challenge circuits, seasonal recreation offerings).
- Spa and wellness journeys, cultural wellness experiences, and nature-based wellness programming.
- Marine, rail, road, and shuttle-based travel experiences, including new scenic routes and integrated transportation solutions.
- Enhanced visitor services, ambassador programs, and community greeter experiences.

These activities support the creation, enhancement, and commercialization of experiences that drive visitation, strengthen community vitality, and build the long-term pipeline of investible tourism products across Ontario.

Eligible Partners:

- Minimum of two operators
- Plus at least two of: municipality and related entities, DMO, RTO, sector organization, or Indigenous tourism organization

Project Tiers:

A tiered structure would allow for equitable support across Ontario's diverse communities:

Signature Product Development Projects

- Up to \$125,000 per year (multi-year awards possible)
For high-impact, multi-community, region-defining, or broad sectoral experiences such as:
 - Major touring routes (culinary, heritage, cycling, transportation, arts)
 - Large-scale multi-year event development (sport, business, festival)
 - Multi-community seasonal activation programs
 - Significant cultural or Indigenous-led product development
 - Experiences tied to major infrastructure investments (E.g., waterfronts, etc.)

Core Regional Product Development Projects

- Up to \$75,000, Examples:
 - New regional trails
 - Major festival transformation
 - Bid or hosting funds to attract sporting and business events
 - Operator–DMO packaging programs
 - Multi-partner cultural experiences
 - Year-round product expansion

Emerging & Pilot Projects

- Up to \$25,000, Examples:
 - Early-stage concepts
 - Community-led prototypes
 - Small festivals exploring expansion
 - New collaborations testing market viability
 - Artisan- or maker-led experiences
 - Human-centred cultural storytelling initiatives

5. Eligibility Criteria and Applicants

Projects would be required to:

- Demonstrate a clear link to increase in-bound visitor spending from key markets, length of stay, or season extension/expansion.
- Involve at least two tourism operators and at least two eligible tourism organizations (RTO, DMO, municipality, sector association).
- Align with one or more pillars of the Ontario Tourism Strategy.
- Demonstrate alignment with regional and/or sectoral strategies as well as potential for regional and or sectoral economic impact.
- Include a plan for sustainability and legacy beyond the funding period.
- Show leverage from local sources (MAT, municipal contributions, not-for-profit, operator cash/in-kind, sponsorship).
- Include measurable KPIs (attendance, yield, media impressions, bookings, partnership growth).
- Demonstrate that the product is additive to Ontario's overall competitiveness.

Eligible applicants include:

- Tourism operators
- Indigenous tourism enterprises
- Municipalities, municipal service corporations, business improvement areas
- DMO (Industry/not-for-profit and municipal service corporations)
- RTOs
- Cultural and tourism not-for-profit organizations
- Sector associations
- Public-private partnerships

In addition to criteria, partnerships among operators, DMOs, municipalities and related entities, Indigenous, sector not-for-profit to be highly encouraged, weighted in scoring, and secure additional contributions.

Design Note: Partnership Requirements for OTPDF Projects

Purpose of Partnership Requirements

The OTPDF is structured to strengthen Ontario's capacity for shared experience development. Many of the project types referenced in this Appendix depend on coordinated action across operators, communities, DMOs, Indigenous partners, and other organizations. To support projects with the greatest potential for long-term success, the Fund will incorporate partnership expectations that reflect demonstrated readiness, shared ownership, investment thresholds, and collaborative capacity.

Design Principle

Where projects rely on collaboration among multiple partners, applicants would be required to show evidence of material partner involvement, financial, in-kind, or governance-related, to qualify or score competitively for funding.

This requirement is not an additional activity category, nor would it limit the types of initiatives eligible under the Fund. Instead, it provides clarity on what constitutes a credible and well-supported partnership.

Types of Material Contributions

Eligible contributions toward partnership requirements may include:

- Financial participation from committed partners
- In-kind support such as staffing, shared assets, digital capacity, facilitation, or access to resources
- Destination-level commitments (e.g., municipal enabling supports, DMO coordination)
- Formalized roles and responsibilities through partnership agreements or collaborative governance structures
- These forms of participation should be proportionate to project scale and appropriate to the roles of the participating organizations.

Application Across Project Types

This principle applies flexibly:

- Single-operator projects remain eligible, provided they include letters of alignment or support from relevant partners.
- Multi-partner projects should demonstrate meaningful contributions from at least two partners.
- Cross-community, cluster, or route-based projects should include evidence of coordination among operators and at least one enabling partner such as a DMO, municipality, or Indigenous partner.
- Indigenous-led projects will follow community-defined partnership protocols.

Intended Outcomes

By incorporating partnership expectations, the Fund will:

- Strengthen project feasibility and long-term sustainability
- Encourage greater alignment with destination priorities
- Support shared leadership and reduce fragmentation
- Improve the quality and scalability of experience development initiatives

6. Complementarity to Tourism Capital Investment Tax Credit (TCITC) for Coordinated Tourism Investment Lifecycle

Tourism investment is not a single event—it is a progression from concept development and market validation to capital investment and long-term growth. The proposed Ontario Tourism Product Development Fund (OTPDF) and Tourism Capital Investment Tax Credit (TCITC) are designed to support different but complementary stages of this investment lifecycle.

The OTPDF would accelerate the creation, testing, commercialization, and expansion of new tourism products and experiences, helping businesses generate demand, strengthen market readiness, and establish the business case for future investment. The TCITC would then help businesses undertake the larger capital projects needed to expand capacity, modernize infrastructure, and strengthen Ontario's long-term tourism competitiveness. Together, these tools create a coordinated investment pathway that supports both near-term business growth and the long-term capital investment required to build investment-ready destinations across Ontario.

Product Development Fund (OTPDF)	Tax Credit (TCITC)
Supports programming & experiences	Supports capital investment

Can be deployed within months	Longer-term development horizon
Activates infrastructure and brings it to life	Builds physical & digital infrastructure
Drives immediate visitation & revenue	Attracts long-term investment
Tests concepts that can justify larger capital builds	Provides investor confidence
Focuses on near-term growth	Focuses on long-term assets

7. Expected Outcomes

Short-Term (1–2 years)

- New events, experiences, trails, and routes
- Strengthened regional ecosystems and partnerships
- Increased leveraging of municipal and DMO MAT co-funding for visitor economy programming
- More export-ready and bookable tourism offerings, expanded tourism seasons
- Increased employment
- Increased domestic and U.S. visitor spending
- Improved operator capability (digital, market readiness, packaging)

Long-Term (3+ years)

- Stronger pipeline for future capital investments
- Higher visitor spending and yields through market diversification
- Increased tax revenues
- Stronger place-brand assets
- Revitalized communities
- More competitive tourism communities
- Enhanced attractiveness for labour, talent, residents

Unlock Private Capital Investment: Proposed Ontario Tourism Capital Investment Tax Credit (TCITC)

A Provincial Tool to Accelerate Investment in Tourism Assets and Infrastructure, Technology Adoption, and Community-Based Investment.

1. Purpose

The Ontario Tourism Capital Investment Tax Credit (TCITC) is proposed to be a refundable provincial tax incentive designed to accelerate private-sector, municipal, Destination Marketing and Management (DMO), Indigenous, and not-for-profit investment that lowers the cost of building and modernizing tourism assets and infrastructure. It aims to unlock private-sector, municipal, Indigenous, and not-for-profit capital investment across Ontario. The TCITC would advance the Strategic Playbook for Ontario’s Tourism Industry (2025-2030).

The TCITC is designed to:

- Lower the cost and risk of capital investment
- Stimulate new projects that drive direct economic impact as well as enable 4% annual visitor spending growth across Ontario
- Encourage partnerships between business operators, municipalities, Destination Marketing and Management Organizations (DMO), RTOs, Indigenous organizations, and not-for-profit tourism support organizations

- Incentivize voluntary municipal and support organization co-investment, including MAT and other funding sources. *Municipal participation is intended to be voluntary, transparent, and delivered through established municipal programs, e.g., Community Improvement Plans, grants, policies, etc. consistent with the Municipal Act and existing anti-bonusing provisions*
- Accelerate investment in tourism assets and infrastructure where needed to strengthen and diversify visitor economies, such as accommodations, attractions, event venues, public realm improvements, transportation and related infrastructure, technology and digital infrastructure, and more that benefit visitor economies, neighbouring industries, as well as residents
- Strengthen Ontario's competitiveness nationally and in the global visitor economy
- Close the investment gap in regions that lack adequate tourism capacity
- Stimulate long-term economic development, job creation, and community vitality

2. Rationale

- **A capital investment gap exists** – Private tourism capital investment in Canada has declined since 2018, with Ontario lagging other provinces.
- **Federal policy and budgets now prioritize capital over programming** - The federal government is shifting funding away from experience/programming envelopes toward capital, for example the sunset of the federal Tourism Development Fund. Ontario can fill this gap by creating tools that encourage local and regional investment and partnerships.
- **Tourism infrastructure is expensive and slow to finance** - Investors face long payback periods, high borrowing costs, and complex approval processes. A provincial tax credit would materially change project feasibility.
- **Municipalities across Ontario now generate significant MAT income**. A provincial incentive can encourage municipalities to invest their portions of MAT funds toward strategic tourism infrastructure, stimulating local economic development.
- **Evidence shows tourism investment yields substantial returns** - Tourism promotion and infrastructure consistently generate outsized returns in GDP, employment, and tax revenues.

3. Recommended Program Structure

Credit Amount:

- 10% refundable tax credit on eligible capital expenditures
- 15–20% credit for northern, rural, Indigenous, and under-served regions/communities
- Additional 5% municipal partnership credit when municipalities and related entities contribute capital, MAT, land, or servicing (for municipal or project use)
- Additional 3–5% DMO partnership credit when DMOs co-invest, coordinate, or lead
- Additional 3–5% not-for-profit champion credit for not-for-profit-led or not-for-profit-managed capital projects
- Maximum project credit: \$3M–\$5M, with flexibility for higher limits for not-for-profit-led or regionally strategic projects
- Credits recommended to be stackable, for example: 10% base, plus 5% Northern, plus 5% municipal, plus 3% DMO = 23% credit

Refundability

A refundable structure ensures that if an organization owes very little tax (or does not pay income taxes), the province would pay the unused portion (or full value) of the credit as a refund or contribution. It would also ensure that the incentive reaches the full range of tourism operators and organizations, regardless of their tax

position, and allows projects to proceed even when proponents are small, community-based, or not-for-profit. This could increase uptake, stimulate investment across all regions, enhance equity of access, and reduce risk.

- Small businesses benefit
- Indigenous businesses benefit
- DMOs and not-for-profits can directly receive credit payments or direct them into projects.
- Municipalities recover part of their capital outlay, or contribute more greatly to a project, even though they do not owe provincial corporate income tax

Eligible Applicants:

- For-profit tourism operators of all sizes and sectors
- Indigenous-owned enterprises and communities
- Municipalities, municipal service corporations, business improvement areas
- DMOs
- RTOs
- Sector associations
- Not-for-profit tourism and cultural organizations
- Underserved regions/communities
- Public-private partnerships

This structure ensures that operators, community-based organizations, and destination leaders can anchor projects and build multi-partner capital pipelines.

4. Eligible Capital Expenditures

Eligible expenditures are proposed to include capital investments that build, modernize, or enhance tourism assets or infrastructure, support tourism capacity and visitor economy diversification, digital modernization, visitor experience development, and climate adaptation.

1. Physical Assets and Infrastructure, e.g.:

- Accommodations, attractions and entertainment, experiential retail, recreation assets
- Agritourism, culinary, restaurants, foodservice
- Arts, culture and heritage, museums
- Event venues, convention and conference centres, multi-use tourism facilities
- Sports and recreation, spas and wellness, nature, outdoors and wildlife
- Trails, marinas, waterfront experiences
- Travel and transportation assets, corridors
- Public improvements, e.g., parking infrastructure, streetscapes, public restrooms, art, shade structures, warming/cooling, wayfinding systems/signage, visitor services, destination public transit, etc.
- Accessibility and sustainability upgrades, climate change adaptation infrastructure and equipment
- Heritage building conversions for tourism use
- Education and employment services
- Workforce housing

2. Equipment & Fixed Assets, e.g.:

- A/V systems, staging, lighting
- Commercial kitchens, safety systems
- Event infrastructure

- Outdoor recreation equipment
3. Digital & Technology Capital, e.g.:
 - Booking systems, CRM, POS
 - AR/VR installations, immersive exhibits
 - Smart tourism technology (sensors, digital wayfinding, data systems, artificial intelligence)
 - Visitor management tools
 - Capitalized cloud/software systems
 4. Capitalized IP & Digital Assets, e.g.:
 - Digital storytelling assets
 - Route/trail mapping platforms
 - Interactive content
 - Shared digital booking hubs
 5. Product Development Capital, e.g.:
 - Festival/event infrastructure
 - Trail enhancements
 - Culinary, cultural, heritage, or wellness infrastructure
 - Collaborative experience infrastructure
 6. Eligible Delivery Costs, e.g.:
 - Design, engineering, architecture
 - Environmental & sustainability assessments
 - Permitting
 - Project management

Excluded Costs: Operating costs, marketing, staffing, routine maintenance, land-only purchases (unless strategic, or purpose-zoned), non-capital program delivery.

5. Municipal, DMO & Not-for-Profit Incentives

The proposed TCITC is designed to foster deeper tourism support network collaboration in support of business investment by including direct mechanisms (i.e., additional credit value) to encourage and reward voluntary participation and/or co-investment from municipalities and related entities, DMOs, RTOs, and not-for-profit tourism organizations. The following are suggested partners and respective incentives:

1. Municipal Partnership Credit (+5%)

Projects would receive an additional 5% credit when municipalities contribute:

- Municipal portions of MAT revenues
- Capital investment
- Development charge reductions
- Site servicing or infrastructure support
- Land or facilities
- Business Improvement Area (BIA) partnership / investment, where appropriate

This reward structure incentivizes municipal investment, development incentives, and the use of strategic local sites to stimulate local visitor economy growth.

2. Municipal Eligibility & Direct Benefit (Refundability)

Municipalities would be able to apply for the credit directly. Although they do not pay provincial income tax, refundability allows them to receive direct payments, reducing the net cost of typical municipal investment costs, such as:

- Downtown revitalization
- Waterfront enhancements
- Trail infrastructure
- Cultural spaces
- Visitor services and public amenities
- Public realm improvements supporting tourism

Further, reduced PST rates for municipalities can further benefit project costs.

3. DMO Partnership Credit (+3–5%)

Projects involving voluntary arms-length municipal service corporations (MSC) or not-for-profit DMOs (co-funders or champions) could receive an additional credit because DMOs (not-for-profit or MSC) often:

- Align investments with strategic market needs
- Strengthen collaboration across operators
- Support product-market fit
- Improve visitor experience connectivity
- Advance route/trail/district-scale development
- Often own or manage capital assets such as visitor information centres, infrastructure, venues, placemaking sites, etc.

This partnership credit could support regional alignment and strategic collaborative investment, if needed within markets. DMOs could apply for the credit directly; refundability would allow them to receive direct payments to offset investments.

4. Not-for-Profit Champion Credit (+3–5%)

Not-for-profit sector organizations often lead projects with high community value as well as inter-community and pan-provincial impact but experience limited financing capacity. Sectoral not-for-profit knowledge and expertise is invaluable to related projects. These stakeholders often contribute in the areas of Capitalized IP and Digital Assets, Product Development Capital, and Capital Delivery.

This credit recognizes:

- Cultural institutions
- Arts organizations
- Sports organizations
- Tourism nonprofits (Sectoral, Regional, Functional)
- Indigenous cultural organizations
- It could also include:
 - Lower minimum project sizes
 - Higher maximum credit ceilings

- Provincial guarantee options for not-for-profit borrowing

5. Municipal Fast-Track Bonus (+2–3%)

Municipalities that commit to the following can unlock additional bonus credits for the project:

- Accelerated approvals
- Reduced or waived development charges
- Coordinated planning and servicing

6. MAT Alignment Incentive

Projects using MAT revenues as voluntary matching funds receive:

- Priority review
- Higher scoring
- Eligibility for maximum credit levels

This encourages municipalities to direct their portions of MAT revenues into visitor economy capital and infrastructure investment rather than non-tourism spending. This could also apply to Destination Marketing and Management Organizations that choose to invest their portions of MAT revenues in capital and infrastructure investment alongside traditional marketing activities.

7. Community-Led Project Bonus

Projects led by DMOs, RTOs, Indigenous organizations, not-for-profits, or business improvement areas earn scoring advantages, supporting:

- Downtown revitalization
- Cultural precincts
- Waterfront activation
- Heritage and visitor experience clusters
- Visitor economy-adjacent sectors
- Regenerative tourism, sustainability and climate adaptation

This supports the civic and cultural leadership essential to destination development.

Minimum partnership contribution amounts should be set. Business Improvement Area (BIA) partnership / investment can be included, where appropriate.

Design Note: Minimum Contributions & Partnership Credit Eligibility

To maximize the leverage of provincial investment and ensure that enhanced incentive levels are tied to meaningful local and sectoral participation, the Tourism Capital Investment Tax Credit (TCITC) may incorporate minimum contribution requirements for support organizations seeking eligibility for partnership bonuses (Municipal Partnership Credit, DMO Partnership Credit, and Not-for-Profit Champion Credit).

Rationale

Economic modeling for the TCITC demonstrates that provincial investment achieves significantly higher impact when supported by additional capital, shared risk, and complementary project supports from municipal, regional, and sector-based partners. The program's partnership credits are specifically designed to reward these contributions and to increase overall return on investment for the province.

To maintain value-for-money and ensure that enhanced credits correspond to actual leverage, projects receiving partnership credits should demonstrate material co-investment from participating organizations.

Proposed Design Principle

Partnership credits would be available only when the participating municipality, DMO, or not-for-profit organization provides a meaningful contribution relative to the size and scope of the project.

Eligible contributions may include cash investment, land or servicing, Municipal Accommodation Tax (MAT)–funded tourism infrastructure, feasibility support, destination-readiness improvements, or governance and operational commitments that materially improve the project’s viability.

A “material contribution” may be defined through:

- A minimum percentage of total eligible project costs
- A minimum dollar-value contribution, scaled to project size
- Tiered thresholds tied to credit levels (e.g., higher contributions unlock higher partnership credit percentages)
- A scoring-based assessment, where stronger partner commitments improve a project’s competitiveness and credit eligibility.

The specific thresholds and definitions would be finalized through program design in consultation with the province and municipal, regional, Indigenous, sectoral, and industry partners to ensure practicality, fairness, and alignment with diverse local capacities across Ontario.

Intended Outcomes

- Strengthen provincial ROI by ensuring enhanced credits correspond to real, measurable leverage
- Support community-led and destination-led development by encouraging aligned investments
- Help de-risk transformational or catalytic projects through shared responsibility
- Reinforce the Forward Motion Strategy’s principles of coordination, destination readiness, and partnership-based growth
- Ensure consistency, predictability, and transparency in program administration

6. Administrative Framework

This initiative could be administered jointly by:

- Ministry of Tourism, Culture and Gaming, with communication and coordination support from RTOs
- Ministry of Finance
- Invest Ontario (concierge support, project pipeline coordination, funding administration)

Projects must demonstrate:

- Tourism demand and economic impact
- Regional benefits
- Partnership and leverage
- Alignment with the Ontario Tourism Strategy
- Accessibility and sustainability outcomes

7. Expected Outcomes

Short-Term

- Increased capital investment
- Diversification and improvement of tourism experiences and local destinations
- Increased deployment of digital and physical upgrades
- Stronger municipal, DMO, not-for-profit operator partnerships
- More MAT revenues allocated to visitor economy spending
- Immediate job creation

Long-Term

- Higher visitor spending (4% growth target)
- Increased tax base, all levels of government
- Regional economic diversification
- Enhanced global competitiveness
- More inclusive and community-based tourism development

Return on Investment: Ontario Product Development Fund and Tourism Capital Investment Tax Credit

The combined Ontario Tourism Product Development Fund (OTPDF) and Tourism Capital Investment Tax Credit (TCITC) represent high-return, fiscally prudent investment that can be supported using existing provincial envelopes for economic development, investment attraction, and cultural infrastructure. A modest annual allocation of \$30 million, distributed across both the tax credit and program funding, can generate outsized economic and fiscal returns, while aligning with funding levels already deployed in comparable ministries and programs.

A \$30 million annual investment in the Tourism Capital Investment Tax Credit and Product Development Fund would leverage \$105–\$165 million in external capital, generate an estimated \$300–\$435 million in economic output, support 1,000–2,000 jobs, strengthen municipal tax bases, and return more tax revenue to the province than it costs, while using and realigning existing provincial investment envelopes rather than requiring new spending.

1. Alignment With Existing Provincial Funding Envelopes

This recommendation does not require a new funding structure or major increase in provincial expenditure. Instead, it aligns with and can be resourced from existing investment attraction and economic development pools, for example:

- Invest Ontario Fund (IOF): A \$400M+ multi-year envelope routinely issuing \$20–50M allocations per investment file.
- Northern Ontario Heritage Fund Corporation (NOHFC): Over \$100M annually, with streams supporting tourism, community revitalization, and infrastructure.
- Southwestern & Eastern Ontario Development Funds (SWODF/EODF): Roughly \$20–40M per year combined, supporting regional business and community investment.
- Ontario Cultural Attractions Fund, Ontario Trillium Foundation Capital Stream, OMAFRA's Rural Economic Development Fund: Programs in the \$5–\$20M range annually.
- Ontario music, film, TV, digital media, and other sector-based tax credits.

A dedicated \$30M annual envelope for tourism product development and capital is modest, realistic, and proportionate relative to existing provincial investments, and can go a long way toward stimulating impactful short- and medium-term economic development.

2. Tourism's Economic Importance Justifies Investment

Tourism contributes significantly to provincial GDP, tax revenue, and community vitality. According to research from Destinations International and Destination Canada:

- Every \$1 invested in tourism promotion generates \$85 in visitor spending and \$9 in tax revenue. (DI)
- Visitor spending drives indirect benefits across other sectors, generating 60% additional economic activity beyond the direct spend. (DI)
- Every \$1 invested in tourism marketing by Destination Canada delivers \$24 of economic impact within one year. (Destination Canada, April. 2023 - [The Value of Travel and Tourism in Canada 2023 Final Report.pdf](#))
- Tourism infrastructure leads to job creation, downtown revitalization, increased property values, and workforce attraction.

This investment would therefore generate substantial positive fiscal returns.

3. A \$30M Annual Envelope Would Leverage Significant External Funding

Tourism investment would multiply every provincial dollar by attracting significant co-investment from the private sector, municipalities, DMOs, federal government, etc.

The nature of tourism investment, paired with the proposed tax credit and program structure can drive the following conservative multipliers:

- Private-sector capital: A 10–20% tax credit on capital would reliably result in a 2.5–4 multiplier to private investment, matching or exceeding Ontario manufacturing credits.
- Municipal investment (including MAT): TCICT tax credit uplifts would bring a 0.5–1 multiplier from municipal investment. With increased MAT implementations and increasing municipal revenues raised across the province, municipal investment can be more fully leveraged to seed visitor economy infrastructure, and investment attraction.
- DMO/Regional Tourism/Sector not-for-profit investment: While less focused on capital, tax credit uplifts would bring a 0.25–0.5 multiplier from supportive contributions as well as program development investment.
- Federal investment (through alignment opportunities): While these levels are anticipated to be in flux over the course of the next fiscal year, uplifts bring 0.25–0.5 multiplier from various related programs.
- Overall conservative leverage ratio: For every dollar of provincial investment in multi-stakeholder investment initiatives, an estimated 3.5–5.5 multiplier from external funding can be raised.

In Alberta, for example, every dollar invested in tourism experience development resulted in \$3.1 in contributions from partners. (Destination Canada, Wealth and Wellbeing Index, 2024 - [CTC-Wealth and Wellbeing Index-ENG-Feb7.pdf](#))

Impact:

A \$30M annual provincial investment can attract between \$105 and \$165 million in additional external capital, for a total annual tourism-related investment between \$135 and \$195 million.

4. Economic Output Generated from the Investment

The Ministry of Tourism, Culture, and Gaming's Tourism Regional Economic Impact Model (TREIM) shows that a \$135-195 million capital investment in Arts, Entertainment, Recreation, Accommodations, and Food and Beverage would deliver:

- \$101-145 million in GDP
- \$50.4 million in Labour Income
- 1141 jobs

- \$41 million in direct taxes

These impacts would accrue to multiple sectors, including construction, professional, scientific, and technical services, manufacturing, as well as service sectors.

While typical spending multipliers for marketing and destination development range from \$1 to \$24 (Destination Canada), and \$1 to \$85 (Destinations International) are much higher than the TREIM model calculations, it is fair to assume that a conservative multiple of \$3 can be applied to account for combined capital and product development investment (which functions as a hybrid of investment and promotional outputs).

Result:

A \$30M annual allocation can produce \$300–\$435 million in total economic output, spread across tourism, retail, real estate, transportation, culture, and services.

5. Strategic Alignment with Provincial Priorities

The funding directly aligns with:

- Forward Motion Tourism Strategy (2025–2030) — 4% annual visitor spending target
- Ontario’s economic growth agenda — diversified job creation, regional development
- Municipal modernization — growth in strategic MAT and DMO partnerships
- Digital transformation goals — technology adoption in small and mid-sized tourism SMEs
- Capital attraction goals — leveraging Ontario’s visitor economy strengths
- Infrastructure readiness for major events
- Existing investments in RTOs and Destination Ontario which serve as coordinating and amplifying economic impact forces for short- and mid-term product and capital investment.

Appendix B – The Case for Building Investment-Ready Destinations in Ontario

The policy recommendations contained in this brief are informed by economic modelling, market research, investment analysis, industry consultation, and implementation experience. Collectively, these sources demonstrate that Ontario's visitor economy represents one of the province's strongest opportunities for long-term economic growth and that targeted provincial investment tools can help accelerate private-sector investment, strengthen destination competitiveness, and increase visitor spending, employment, and government revenues.

The evidence presented throughout this appendix demonstrates that Ontario's tourism industry does not face an investment interest challenge, it faces a capital formation challenge. Businesses are actively investing and innovating, municipalities are building investment-ready destinations, and Destination Marketing Organizations are expanding their role in destination development. However, rising costs, financing constraints, regulatory complexity, infrastructure gaps, and workforce pressures continue to limit project feasibility and slow investment.

Together, the information that follows illustrates how destination development, municipal investment, private capital, and provincial policy work together to create investment-ready destinations. It draws upon TIAO economic modelling, Statistics Canada, Destination Canada, Destination Ontario, Destinations International, the Ontario Tourism Attraction & Support Infrastructure Gap Analysis, Municipal Accommodation Tax implementation experience, and findings from the 2026 *Forward Motion* Environmental Scan to provide the evidence supporting the recommendations contained in this policy brief.

The following list outlines background information, data, and insights to follow that informed recommendations and proposed program design, including:

1. Why Tourism Matters
 - a. 2025 Estimated Performance: Visitor Spending, GDP, Employment, Taxes
 - b. 2030 Projected Performance: Visitor Spending, GDP, Employment, Taxes - 2% vs. 4% Growth Rate
 - c. Impact of Tariffs
2. Ontario's Tourism Investment Landscape
 - a. Tourism Industry Investment Landscape
 - b. Conditions that Support Tourism Investment
3. Understanding Ontario's Tourism Asset Base
 - a. Ontario Tourism Asset Categories
 - b. Ontario Tourism Asset Inventory (Year-end 2024)
4. Tourism Investment Creates Stronger Communities
 - a. Community Vitality Wheel: Destination Development Return on Investment
5. Municipal Accommodation Tax - An Existing Investment Platform
6. Industry Validation
 - a. TIAO Member Survey – Investment Attraction (June 2026)

Why Tourism Matters

1. 2025 Estimated Performance: Visitor Spending, GDP, Employment, Taxes

The following chart outlines estimated tourism industry performance for 2025 at a 2% growth rate over 2024:

METRIC	VISITOR SPENDING	TOURISM RECEIPTS
Total Visitor Spending	\$30,718,474,731	\$38,559,149,932
Total GDP Impact of Visitor Spending	\$29,685,335,058	\$37,895,879,536
Direct GDP	\$17,095,173,361	\$21,188,340,074
Indirect GDP	\$5,471,423,177	\$7,368,430,210
Induced GDP	\$7,118,738,520	\$9,339,109,252
Total Employment from Visitor Spending (Jobs)	290,004	379,484
Total Taxes from Spending	\$11,044,834,321	\$13,749,910,828
Federal Taxes	\$4,825,413,052	\$6,159,960,051
Provincial Taxes	\$5,039,875,855	\$6,049,960,764
Municipal Taxes	\$1,179,545,413	\$1,539,990,013

(TIAO, 2025, Ontario Tourism Strategy Economic Model)

These figures above reflect recent performance levels associated with the pace of the post-pandemic recovery that resulted in conservative flat to slow sales and public revenue growth, but declining rates of employment and private investment levels.

2. 2030 Projected Performance: Visitor Spending, GDP, Employment, Taxes - 2% vs. 4% Growth Rate

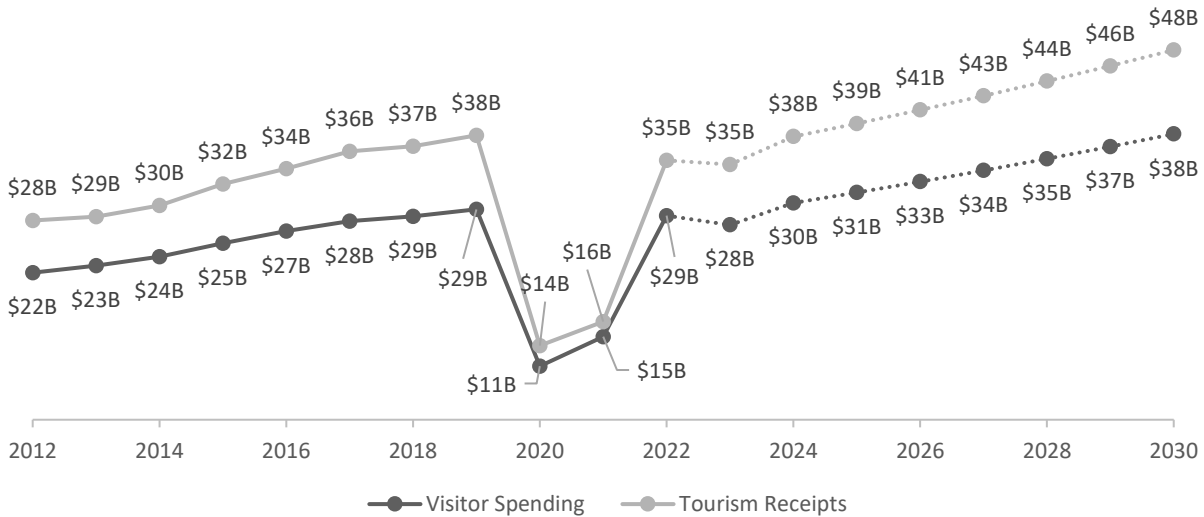
The Strategic Playbook charts a course for a more ambitious 4% annual growth rate, achieved through the successful deployment of its six strategic pillars, that will move the industry from recovery to meaningful growth performance, driving increased visitor spending and government revenues as well as meaningful employment growth and business confidence to stimulate needed investment. The chart below outlines the impact of the Strategic playbook's 4% growth target compared to the status quo 2% growth levels.

2030 Visitor Spending 2% Growth Rate Compared to 4% Growth Rate:

VISITOR SPENDING	2% (STATUS QUO)	4% (STRATEGY TARGET)
Total Visitor Spending	\$33,915,678,254	\$38,106,539,506
Total GDP Impact of Visitor Spending	\$34,976,540,336	\$39,298,489,216
Direct GDP	\$21,125,960,728	\$23,736,433,960
Indirect GDP	\$5,496,363,409	\$6,175,532,974
Induced GDP	\$8,354,216,199	\$9,386,522,282
Total Employment from Visitor Spending (Jobs)	278,417	312,820
Total Taxes from Spending	\$12,194,389,548	\$13,701,214,630
Federal Taxes	\$5,327,645,919	\$5,985,967,557
Provincial Taxes	\$5,564,430,182	\$6,252,010,559
Municipal Taxes	\$1,302,313,447	\$1,463,236,514

(TIAO, 2025, Ontario Tourism Strategy Economic Model)

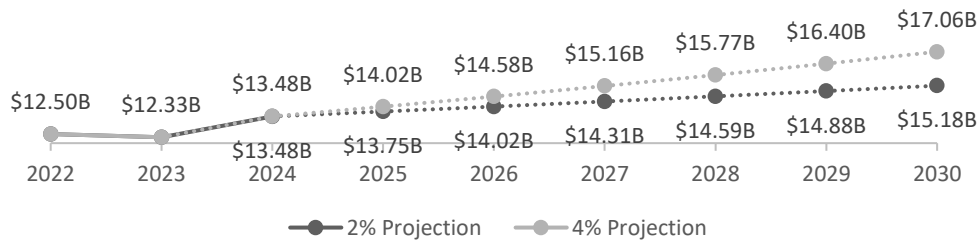
Spending and Tourism Receipts Change - 4%



(TIAO, 2025, Ontario Tourism Strategy Economic Model)

Tax Revenue 2% Compared to 4% Growth Rate:

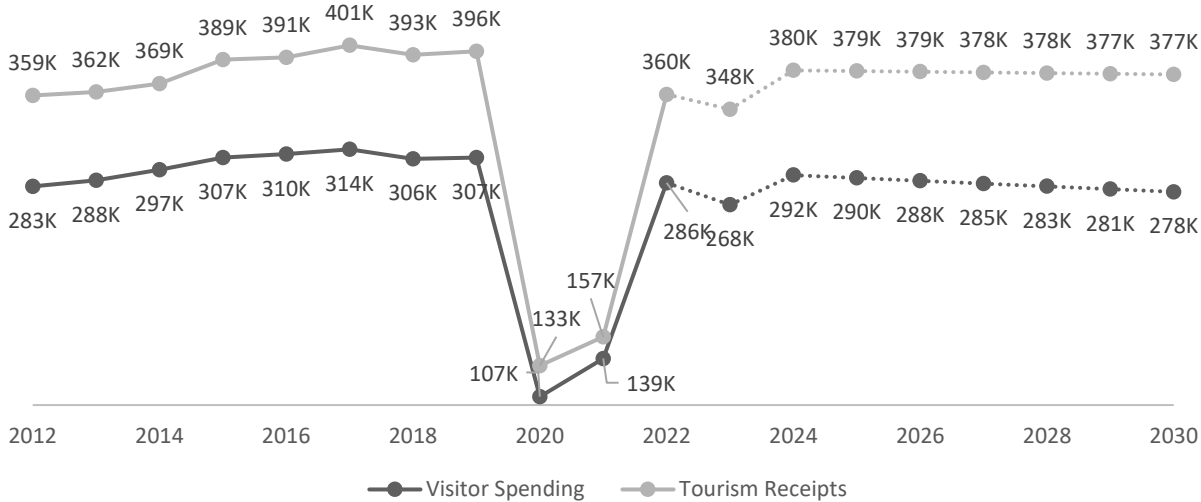
Tax Revenue (Total - Tourism Receipts)



(TIAO, 2025, Ontario Tourism Strategy Economic Model)

Jobs Decline at 2% Growth Rate:

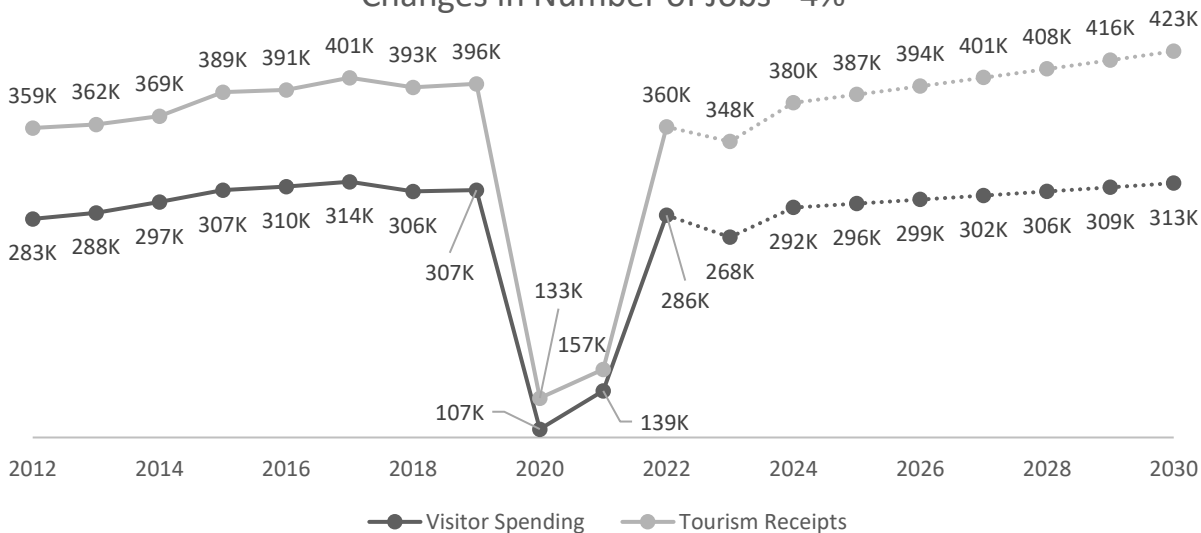
Changes in Number of Jobs - 2%



(TIAO, 2025, Ontario Tourism Strategy Economic Model)

Jobs Increase at 4% Growth Rate:

Changes in Number of Jobs - 4%



(TIAO, 2025, Ontario Tourism Strategy Economic Model)

The 4% growth scenario presents a markedly more optimistic trajectory for tourism-related employment in Ontario. Following the steep decline in 2020, both spending-linked and receipt-linked job numbers experience a strong rebound in 2022. What sets this model apart is the sustained upward momentum that follows. Jobs tied to visitor spending climb from 286,000 in 2022 to 313,000 by 2030, effectively recovering to pre-pandemic levels and surpassing them. Without more topline growth to drive industry profits, it will remain a challenge for tourism operators to expand their employment and investment levels.

3. Impacts of Tariffs

Impacts from the ongoing U.S. tariff and trade disruption represent further pressures. However, industry metrics shared by Destination Canada (Data Collective, LASR) as of June 2026 show that while Ontario is experiencing a 0.6% year-over-year decline in U.S. spending compared to the same time last year, overseas spending is posting a 5.7% year-over-year spending gain. Destination Ontario's Ontario Travel and Tourism Monthly Report for June 2026 shows that travel demand for Ontario is led by Ontarians, 86% of whom plan to take a trip within Ontario over the next 12 months. Measures implemented by the provincial government, such as the "We Stand Campaign" were critical in driving domestic demand. According to a survey conducted by TIAO in September 2025, 50% of tourism operators across Ontario were able to shift to domestic suppliers to mitigate costs and in a desire to support local businesses. Measures implemented by the provincial government, such as the "We Stand Campaign" were critical in supporting these business outcomes. These data points show sectoral resilience, aligned provincial investments and capacity to deliver more economic output, with the implementation of more favourable business supports and continued collaboration between the tourism industry and provincial government, aligned with the Ontario Strategic Plan's six strategic objectives.

Ontario's Tourism Investment Landscape

4. Tourism Industry Investment Landscape

According to Statistics Canada, the share of capital investment by tourism industries in Canada has steadily increased from a low of 5.5% in 2014 to a high of 7.9% of all non-residential capital investment in 2018, or \$26.2 billion. With the impact of COVID-19, investment into tourism industries dropped to \$19.9 billion, and although gradually increasing over the past 4 years, tourism capital investment remained approximately \$4 billion under 2018 levels as of 2023.

During 2023, 50% of all tourism investment was made in transportation related projects, including urban transit systems, passenger car rental, and scheduled air transportation. Much of this shift has come with an increase in government investment, loss of business confidence during COVID, and recent inflationary factors. However, the private investment share is expected to increase again once inflation and the high cost of financing subside.

According to Statistics Canada, investment into tourism in Ontario in 2023 was made by the private sector at 45%, the federal government at 3%, the provincial government at 38%, and local governments at 14%. Ontario's rate of private sector investment lags the national average by 18%, indicating businesses under pressure, but also an opportunity.

For the next year, and likely the next 3 years, the cycle of threats and retaliatory measures in the form of tariffs will be the main theme dominating investment in Canada. Economic uncertainty and low population growth due to immigration curbs may be reducing residential activity and consumer confidence in the short-term. AI infrastructure investment opportunities are still plentiful, and many investors are prioritizing long-term value and adopting clear sustainability goals. Furthermore, a supply-constrained retail landscape may force retailers to consider expanding into secondary markets and modifying the scale and format of their typical store. This is expected to bode well for emerging and gateway destinations in Ontario.

The tourism sector itself presents a huge potential investment opportunity, with the anticipated influx in international arrivals in 2026 and beyond. This is due in part to a weakened Canadian dollar and to an increase in visitors choosing Canada as their North American alternative over the U.S.A.

As of early March 2025, the Federal Economic Development Agency for Southern Ontario allocated \$2.3 million for over 20 projects to grow tourism and local economies, while the Federal Economic Development Agency for Northern Ontario announced \$1.7 million to support 10 outdoor tourism projects. However, the Tourism Development Fund has recently been cancelled, and recent federal budgets have been reducing similar programming investments.

“As the top destination for visitation to Canada, attracting 45% of all international visits, Ontario offers significant opportunities for companies looking to establish or expand their operations and create jobs. In 2025, overnight visits to Ontario from the United Kingdom, China, and France, are expected to represent the largest growth markets from overseas locations. According to the Conference Board of Canada, total visits to Ontario are expected to grow by 2.7% in 2025, 2.1% in 2026 and at approximately 2.3% in 2027 and 2028. Although the domestic market remains the largest source of visitation, understanding travel behaviour and motivations from other geographic markets will be integral to growing the provincial tourism sector. Further, the Ontario Tourism Strategy calls for expanded outreach to grow international visitation, which results in greater short-term spending and mid-term investment attraction potential.” (Ontario Tourism Attraction & Support Infrastructure Gap Analysis Framework, prepared for TIAO, CBRE)

5. Conditions that Support Tourism Investment

Based on discussions with both provincial government and local private sector investors, the following is a list of relevant factors that support successful tourism investment in Ontario:

- Large attraction development companies tend to prefer destinations with access to large residential markets as they want to be able to offer programs and experiences to the local community (or visiting friends and relatives) as well as visitors, which boosts business viability and reduces risk.
- Attracting tourism investment to smaller destinations typically requires a local "champion" - someone who has access to capital and has the influence to get support from the local municipality or region.
- Private investors want to understand what the destination sees as gaps in the market (tourism attraction and/or support infrastructure wise).
- Most private investors prefer to leverage their own land vs. leasing it, and do not want to have to spend all their capital on infrastructure.
- Municipalities that make themselves more investment ready are more successful in securing new attractions - this involves providing development incentives (e.g., getting land serviced in advance of purchase, or making permitting easier), educating elected officials on the importance of tourism, and/or improving transportation infrastructure.
- The ideal situation for investment is when a developer has an investment idea that the municipality has pre-approved and/or has prepared for development scenario.
- Access to capital is another important requirement for private investors.
- RTOs, Sector Organizations, and local DMOs represent existing support networks that can work with local economic development organizations to identify potential sites for tourism investment by larger companies as well as making connections to provincial and/or federal investment initiatives. These networks boost capacity and success rates as well as reduce risk.
- Investment opportunities in the tourism space span 3 key categories:
 - Infrastructure: Public and private infrastructure like transportation, internet connectivity, private technology, sustainability and climate adaptation measures, etc.
 - Sites and Assets: Capital building and/or enhancements
 - Programs: Development of tourism experiences and programs which seed markets and can drive early economic output and stimulate infrastructure and attraction investment.
 - Initiatives that include all three spheres, increase success factors and reduce risk.

- Global travel consumers' tastes align with key tourism industry assets and investment potential in Ontario, including: Indigenous tourism experiences, culinary and agri-tourism, traditional and non-traditional accommodations, demand-driving attractions, rural experiences and outdoor adventure, wellness, sustainable travel, 4-season and off-peak destinations, work-cations, business travel, and diverse conference offerings, technology-aided experiences, and more.

(Ontario Tourism Attraction & Support Infrastructure Gap Analysis Framework, prepared for TIAO, CBRE)

NOTE: Conditions cited in this section represent trends and analysis at a point in time in the fall of 2024. Economic conditions and investment drivers change based on economic and political factors.

- Municipal levers such as development charge incentives as well as community improvement plans (CIP) also support tourism investment.
- Investment promotion organizations that focus on all sectors can also be leveraged to support the tourism ecosystem described prior.

Understanding Ontario's Tourism Asset Base

6. Ontario Tourism Asset Categories

The following chart outlines a more robust description of the scale and scope of tourism industry sectors and investment opportunities.

ONTARIO TOURISM ASSET INVENTORY CATEGORIES & SUBCATEGORIES			
Categories	Subcategories	Categories	Subcategories
Accommodations	Hotel	Nature, Outdoors & Wildlife	Conservation area
	Motel		Trails
Agri-Tourism	Inn/Lodge/Resort		Boardwalk
	B&B		Beach
	Campground/RV Park		Guiding / guided tours
Amusements & Entertainment	Working farm	Spas & Wellness	Nature parks
	Horseback riding		Nature/conservation centre
	Permanent farmers market		Garden/botanical garden
	Pick-your-own orchard		Wildlife sanctuary
	Family farm activities (corn maze, etc.)		Cycling routes
Arts, Culture & Heritage	Amusement park/theme park	Sports & Recreation	Massage/day spa
	Waterpark		Destination spa (with accommodations)
	Family entertainment centre		Nordic/thermal spa
	Adult-oriented group game/team-building		Wellness centre/retreat
	Billiards/pool	Tourism Education & Employment Services	Golf course
Culinary	Family entertainment centre		Indoor golf centre
	Aquarium		Cycling/velodrome
	Zoo		ATV/snowmobile
	Youth-oriented entertainment attraction		Motorcycling
Event Venues	Gallery, artist studio or art centre	Travel & Transportation	Sportsplex/aquatic centre
	Cultural centre		Hockey/skating arena
	Library or archives		Sport/recreation equipment rental
	Museum		Ski hill/resort area
	Heritage sites/landmarks		Tour operator/outfitter
Experiential Retail	Theatre/performance or concert hall	Visitor Services	Management/employee office space
	Festival sites		Staff accommodation
	Bar/pub		University/colleges with tourism programs
	Winery/brewery/cider/distillery		Airport
	Café/bakery		Public transit
Gaming	Limited-service restaurant	Waterfront Experiences	Car rental
	Full-service restaurant		Taxi/ridesharing service
	Upscale/fine dining restaurant		Bus/coach terminal
	Specialty grocery/market		Site-seeing tour/terminal
	Conference/convention centre		Visitor information centre/kiosk
	Concert hall		Digital visitor service
	Banquet centre		Tourism office (DMO, etc.)
	Public assembly facility (tourism-focused)		Electric charging station
	Destination shopping mall/outlet centre		Gas/service station
	Sports/outdoor gear and apparel		Public restrooms
	Upscale/boutique apparel		Parking lot/area
	Casino		ONRoute
	Racetrack		Marina
			Boat launch/dock
			Boat/canoe/kayak rental
			Cruise terminal
			Waterfront access points

(Ontario Tourism Attraction & Support Infrastructure Gap Analysis Framework, prepared for TIAO, CBRE)

7. Tourism Asset Count by Ontario Tourism Region (Year-end 2024).

The chart below provides inventories of key tourism sector businesses across all Ontario tourism regions.

TOTAL TOURISM ASSETS & SUPPORT INFRASTRUCTURE INVENTORY BY TRAVEL REGION																
Core Categories	R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10	R 11	R 12	R 13A	R 13B	R 13C	Grand Total
Accommodations	297	239	130	186	307	146	379	228	273	131	257	275	452	137	374	3,811
Culinary	1,810	789	1,435	1,018	5,401	2,111	741	389	732	1,282	263	161	397	137	229	16,895
Agri-Tourism	67	26	52	39	52	55	37	20	25	14	12	2	15	3	3	422
Amusements & Entertainment	156	73	112	66	396	145	66	31	45	84	18	14	34	7	17	1,264
Arts, Culture & Heritage	161	70	101	87	406	111	59	45	84	127	45	26	61	10	33	1,426
Event Venues	122	39	83	77	203	87	51	38	50	52	20	22	59	20	26	949
Experiential Retail	740	266	563	440	2,361	866	362	216	323	443	149	100	209	82	147	7,267
Gaming	3	3	2	2	10	2	4	2	3	1			1	1	2	36
Nature, Outdoors & Wildlife	39	19	34	17	33	40	27	30	29	21	7	13	9	8	24	350
Spas & Wellness	22	13	35	17	94	32	17	5	9	7	5	2	6	1		265
Sports & Recreation	175	68	136	92	166	207	123	62	99	108	66	48	84	20	51	1,505
Tourism Education/Employmt Svcs	64	12	25	30	242	34	13	10	25	39	6	1	36	9	17	563
Travel & Transportation	104	44	108	58	723	236	46	19	48	92	14	5	18	10	10	1,535
Visitor Services	5	1		3	3	2	5	6	3		3	3	7	3	6	50
Waterfront Experiences	23	5	5	2	7	27	52	44	35	7	18	74	25	5	10	339
Grand Total	3,788	1,667	2,821	2,134	10,404	4,101	1,982	1,145	1,783	2,408	883	746	1,413	453	949	36,677

(Ontario Tourism Attraction & Support Infrastructure Gap Analysis Framework, prepared for TIAO, CBRE)

NOTE: Total business counts reflect data compiled for year-end 2024 and therefore represent a single point in time. The inventory also incorporates assumptions made within core categories to isolate visitor-economy-related establishments only. Tourism business counts fluctuate regularly and are typically reflective of market conditions (e.g. new business openings, expansions and closures); and therefore, must be regularly assessed and validated for accuracy.

Tourism Investment Creates Stronger Communities

8. Community Vitality through Visitor Economy

The Work of a Destination Organization

1. Visit

If you built a place where people want to visit, then you have built a place where people want to live.



2. Live

And if you built a place where people want to live, then you have built a place where people want to work.

3. Work

And if you built a place where people want to work, then you have built a place where business and residents want to invest.

4. Invest

And if you built a place where business and residents will invest, then you have built a place where people will want to visit.

(Destinations International)

A recent study commissioned by Destinations International demonstrates that destination development and promotion deliver broad economic and community-wide benefits that extend far beyond the hospitality sector. While destination organizations have traditionally measured success through visitor-related metrics tied to hotel taxes and accommodation performance, the research shows that tourism promotion functions as a powerful engine of economic development.

“Drawing on detailed analysis of 10 North American destinations, including Ottawa Ontario, the study identifies several key findings:

1. Destination promotion generates strong, measurable returns.
 - Marketing investments directly influence travel decisions and drive new visitor spending.
 - On average, every \$1 in media investment generates \$85 in visitor spending and \$9 in tax revenue.
 - Marketing effectiveness has increased over the past decade, amplifying these returns.
2. Benefits extend well beyond the tourism sector.
 - Visitor spending stimulates activity across the wider economy, not just hotels, restaurants, and attractions.
 - For every dollar of direct visitor spending, nearly 60% additional spending occurs in other sectors such as retail, services, and real estate.
3. Tourism development enhances community quality of life.
 - Residents overwhelmingly value tourism's role in supporting cultural amenities, events, placemaking, and public spaces.
 - Destination organizations increasingly act as stewards of community identity, enhancing pride of place and supporting cultural and recreational assets.
4. Destination brands strengthen economic development.
 - Tourism advertising lifts the overall image and competitiveness of communities seeking to attract business investment, talent, and new residents.
 - Destination organizations provide creative assets and consistent messaging that support broader economic development efforts.
5. Amenities and lifestyle advantages attract new residents and talent.
 - Talent is drawn to communities with vibrant, high-quality amenities — many of which are supported or animated by destination organizations.
 - Workforce diversity correlates strongly with the strength of the local visitor economy.
6. Visitor-generated revenues support public services.
 - Taxes paid by visitors directly and indirectly fund local government services and help offset resident tax burdens.
 - Residents recognize the role tourism plays in supporting fiscal sustainability and community programs.
7. Growth in the visitor economy drives broader economic growth.
 - Destinations with strong tourism sectors have grown faster than the national average over the past decade.
 - Econometric analysis shows that a 10% increase in visitor-related employment typically leads to a 2.5% rise in wider community employment in subsequent years."

(Destinations International)

Destination Canada's Wealth and Wellbeing Index is a Canadian resource which assists destination communities to quantify their local impact through the lenses of economy, employment, enablement, environment, engagement, and experience. [The Wealth & Wellbeing Index | Canadian Tourism Benchmarking Tool | Canadian Tourism Data Collective](#)

Municipal Accommodation Tax – An Existing Investment Platform

9. Impact of MAT on Destination Marketing and Development in Ontario

Since the Transient Accommodation Tax Regulation (O. Reg. 435/17) came into force in December 2017, more than 80 municipalities have implemented a MAT framework to drive destination development and marketing as well as municipal revenues. According to data prepared and shared by TIAO in April 2025, nearly \$250 million dollars are earned annually from MATs across Ontario and these revenues are shared between destination marketing and management organizations (DMO) (not-for-profit as well as municipal services corporations) and municipalities. Increasingly, DMOs and municipalities are working closer together to strategically cultivate and strengthen the Community Vitality Wheel concept through destination marketing initiatives as well as investment attraction, infrastructure development, and overall economic development activities.

It is important to underscore that decisions about how MAT revenues are allocated remain entirely at the discretion of municipalities and destination marketing and management organizations. Each community's needs, priorities, and strategic opportunities are unique, and local leaders are best positioned to determine how to deploy MAT funds to support their own destination development objectives.

The policy recommendations contained in this brief are not intended to prescribe or direct municipal or DMO investment choices. Rather, they are designed to amplify and complement the work municipalities and DMOs already undertake by creating provincial tools, incentives, and partnership opportunities that can leverage local MAT contributions where communities choose to participate. By aligning voluntary local investments with broader provincial programs, such as investment attraction initiatives, product development supports, and destination enhancement measures, communities can strengthen their impact, unlock additional funding, mitigate risk, and accelerate progress on shared tourism and economic development goals without compromising local autonomy.

Industry Validation

10. Investment Attraction Findings (Forward Motion Environmental Scan) June, 2026

The Tourism Industry Association of Ontario's (TIAO) 2026 *Forward Motion Environmental Scan* provides important insight into the current state of tourism investment across Ontario. More than 130 tourism organizations participated in the survey, representing destinations, operators, attractions, accommodations, municipalities, Regional Tourism Organizations, Destination Marketing Organizations, and sector organizations from across the province.

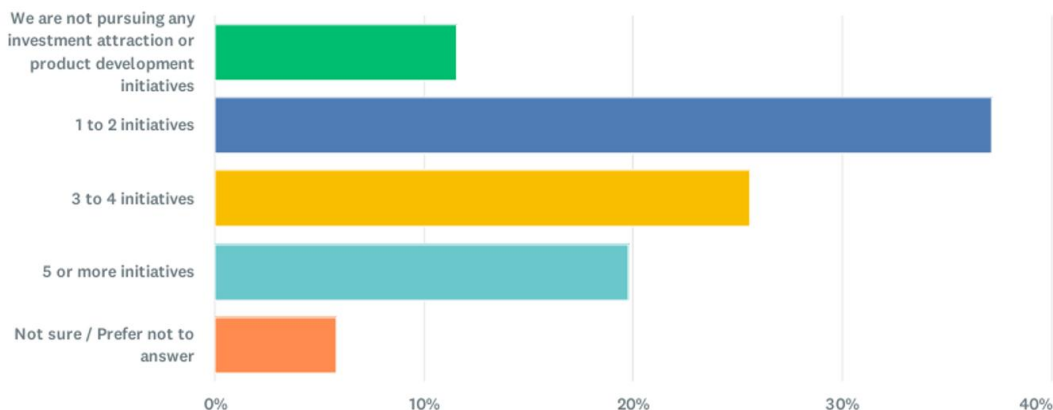
The findings reinforce the recommendations contained in this policy brief. They demonstrate that Ontario's tourism industry is actively pursuing investment and innovation but continues to face structural barriers that reduce project feasibility and slow private-sector investment. Collectively, the results suggest that the challenge is not a lack of ambition or viable projects, but rather a capital formation challenge requiring targeted provincial tools that reduce risk, improve project feasibility, and unlock private investment.

What We Heard: Investment Attraction Across Ontario

- A. 80%+ are actively pursuing investment attraction or product development.
- B. Hundreds of incremental projects are driving Ontario's tourism economy.
- C. Costs, financing and approvals are the biggest barriers, not lack of interest.
- D. 80% support grants, tax incentives and partnership-based investment tools.
- E. Investment attraction is the outcome of destination development, not a standalone activity.

A. Industry is Ready to Invest

Based on the above definitions, approximately how many investment attraction and product development initiatives is your business/organization currently undertaking?

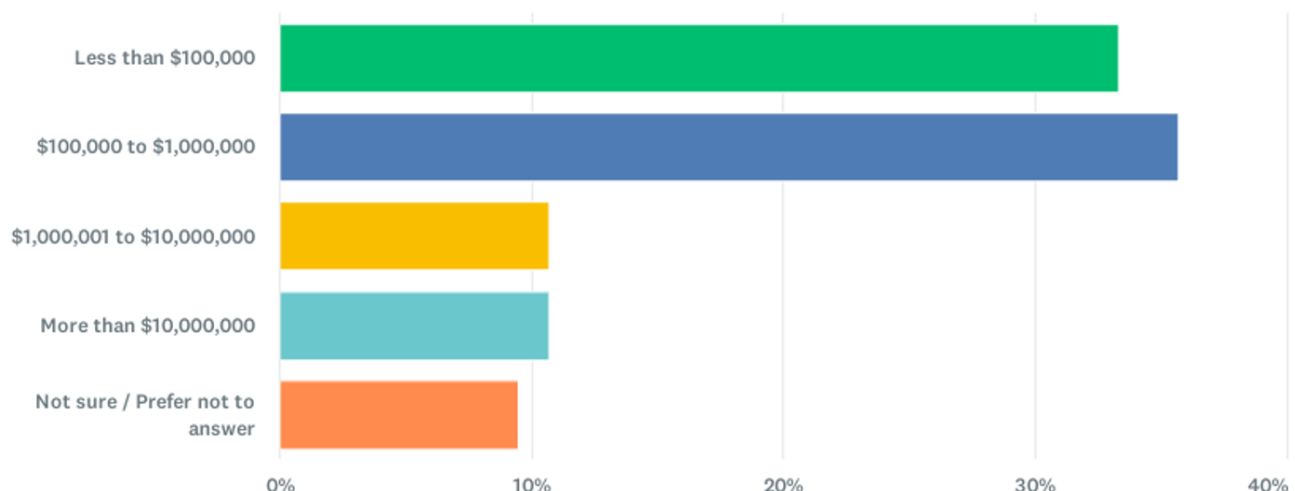


More than 80% of respondents indicated investment attraction and/or product development initiatives underway

This finding demonstrates that investment attraction is already a strategic priority across Ontario's tourism industry. Rather than attempting to stimulate interest in investment, provincial policy should focus on accelerating an existing pipeline of projects through targeted incentives that improve financial feasibility and reduce investment risk.

B. Ontario's Tourism Investment Model is Built on Incremental Growth

What is the estimated total value of investment attraction and product development initiatives being undertaken by your business/organization?

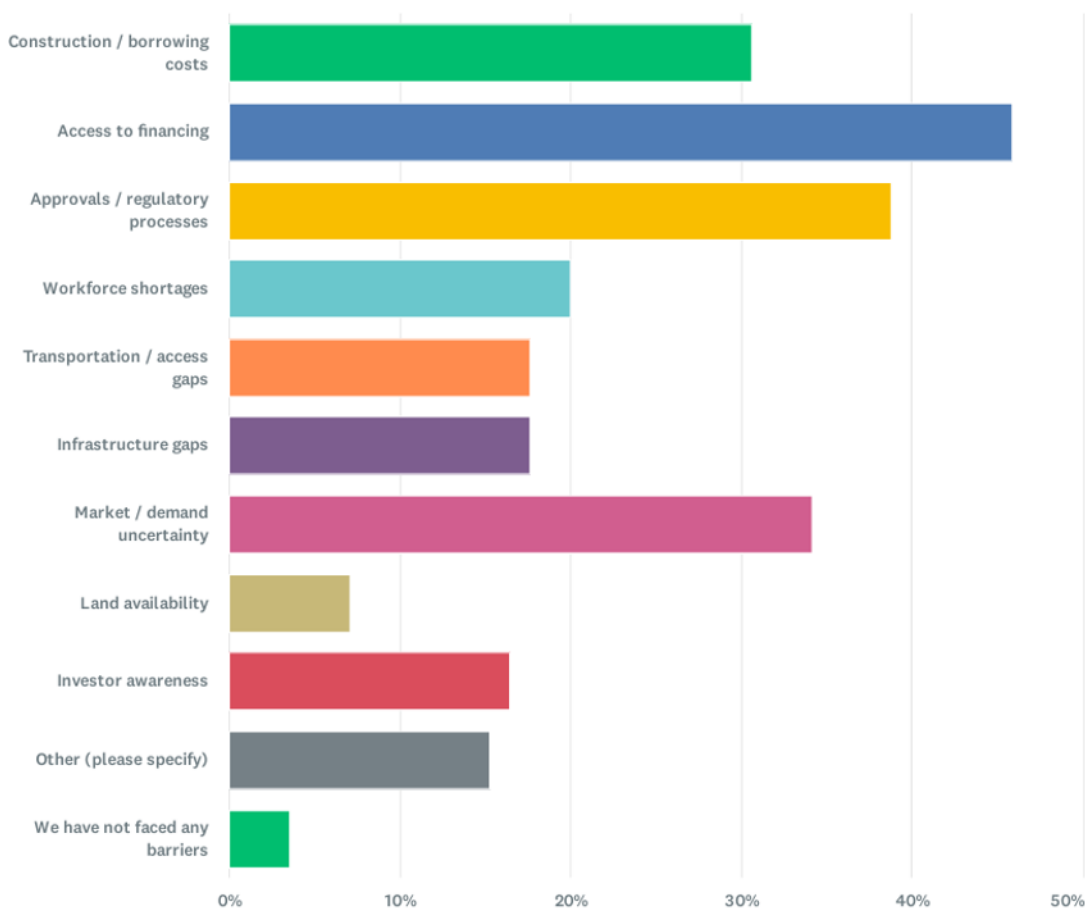


Tourism investment is driven by hundreds of small and medium-sized projects rather than a limited number of mega-projects.

Survey findings indicate that Ontario's visitor economy grows through continuous product enhancement, experience development, business expansion, and incremental infrastructure improvements. This investment profile aligns well with both the proposed Ontario Tourism Product Development Fund and Tourism Capital Investment Tax Credit, which are designed to support scalable projects across every region of Ontario.

C. The Primary Challenge is Project Feasibility—not Interest

Of the following, what are the top three barriers that your business/organization has faced when pursuing investment attraction and product development initiatives?

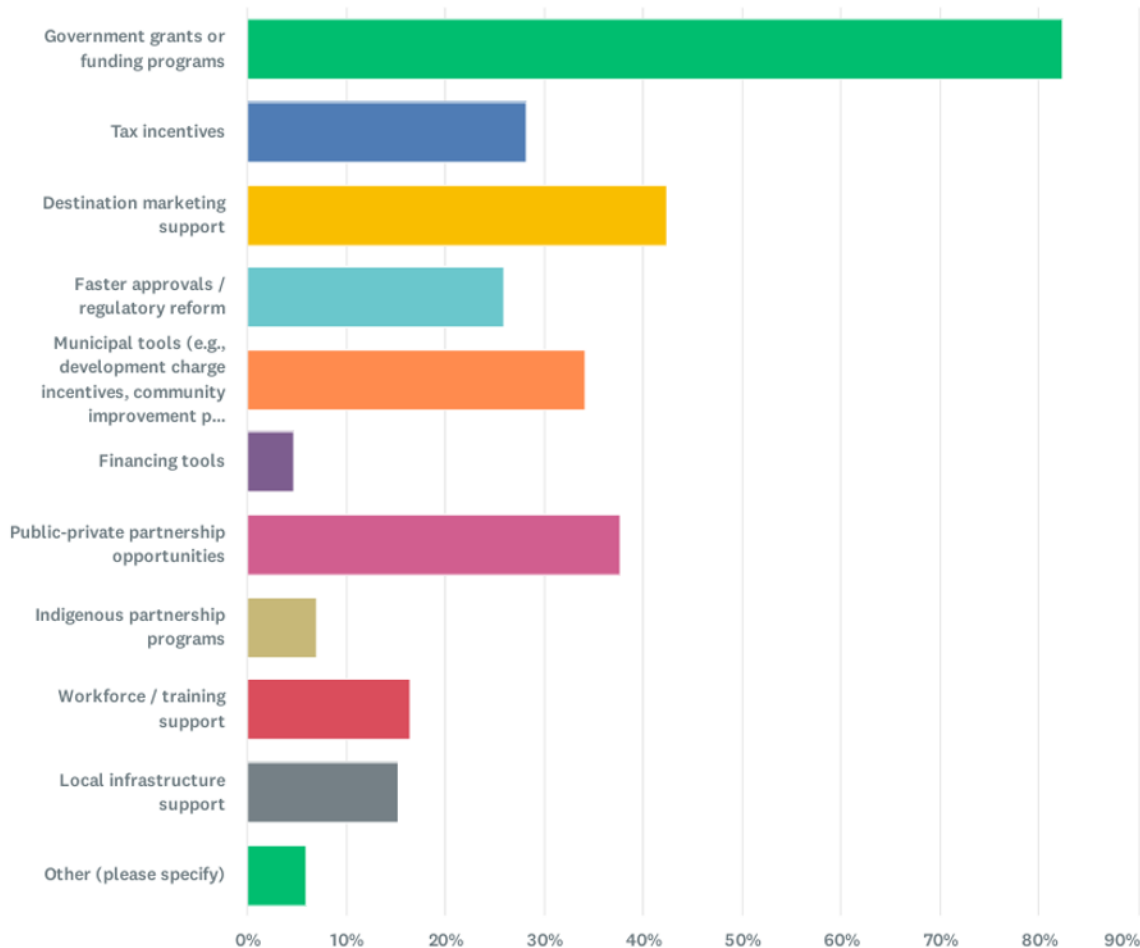


Businesses want to invest. Rising costs, financing challenges, regulatory complexity, workforce constraints, and market uncertainty are preventing projects from moving forward.

Respondents consistently identified barriers that are largely outside the direct control of tourism operators. The findings suggest that Ontario's tourism industry faces a capital formation challenge rather than an investment interest challenge. Provincial investment tools that reduce project costs, leverage private capital, accelerate approvals, and mitigate financial risk would directly address many of the barriers identified by respondents.

D. Industry Supports Provincial Investment Tools

Of the following, which three public sector supports would most help to facilitate tourism investment in your area?

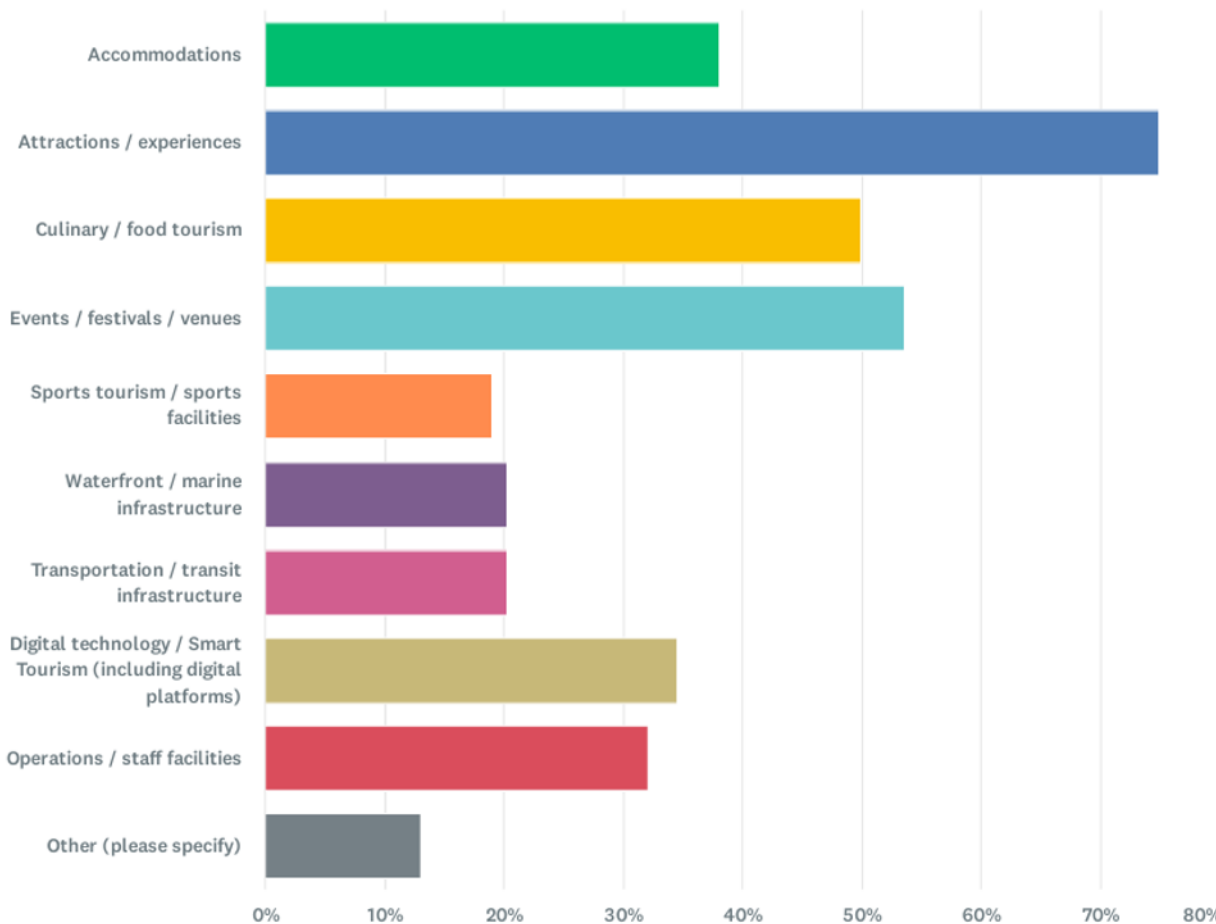


Respondents identified grants, tax incentives, municipal investment tools, public-private partnerships, and faster approvals as among the most effective ways to stimulate tourism investment.

These findings strongly align with the recommendations contained in this paper. Together, the proposed Ontario Tourism Product Development Fund and Tourism Capital Investment Tax Credit respond directly to the priorities identified by Ontario's tourism industry by reducing investment risk, encouraging collaboration, leveraging municipal participation, and improving project feasibility.

E. Investment Attraction Begins with Destination Development

In which of the following areas is your business/organization currently pursuing or supporting investment or product development? (select all that apply)



Respondents consistently described investment attraction not as a standalone activity, but as the outcome of sustained destination development.

Survey respondents described a broad range of initiatives already underway across Ontario, including tourism product development, accommodations, visitor experiences, transportation, infrastructure, year-round tourism, cultural assets, sports tourism, partnerships, and organizational capacity building.

These findings reinforce an important policy principle: successful investment attraction depends upon creating investment-ready destinations. Provincial investment tools should therefore support both physical capital investment and the destination development activities that improve market readiness, strengthen competitiveness, and create conditions that attract future private investment.

Conclusion

Collectively, the evidence presented throughout this appendix demonstrates a consistent and compelling narrative. Ontario possesses one of Canada's largest and most diverse visitor economies, with significant opportunities to expand visitor spending, strengthen regional competitiveness, and generate new employment and tax revenues. At the same time, businesses, municipalities, and destination organizations are actively investing in new tourism products and experiences but continue to face barriers related to capital costs, financing, regulatory complexity, workforce availability, and project feasibility.

These findings suggest that Ontario's tourism industry does not face an investment interest challenge; it faces a capital formation challenge. The proposed Ontario Tourism Product Development Fund and Tourism Capital Investment Tax Credit respond directly to this opportunity by reducing investment risk, leveraging private and municipal capital, strengthening destination readiness, and accelerating the development of investment-ready destinations across Ontario.

Together, the evidence presented throughout this appendix demonstrates that targeted provincial investment tools represent not simply support for the tourism industry, but a strategic investment in Ontario's long-term economic competitiveness, community vitality, and service export growth.

About TIAO

The Tourism Industry Association of Ontario (TIAO) is recognized by the government and the industry as the voice of tourism. TIAO works on behalf of its membership, collectively representing tourism businesses and employees across the province, to take on pressing policy issues that impact the Ontario tourism industry. TIAO leads the way in government relations on behalf of the Ontario tourism industry, including tourism businesses and operators, DMOs, RTOs, and educators. TIAO is focused on ensuring the political, economic, and regulatory environment allows for the continued exponential growth of the industry.

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