



HOTEL ASSOCIATION OF CANADA  
ASSOCIATION DES HÔTELS DU CANADA

## **The Hotel Lobby**

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**By**

**The Hotel Association of Canada  
June 2011**

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Like most economic sectors, Canada's tourism industry is struggling with a serious economic downturn. However the Recession and Recovery conceal a larger problem of declining competitiveness which has been evident for several years.

Travel and Tourism drive economic growth and diversity in every province and territory in Canada. In 2010 Tourism accounted for 1.6 million or 9.2 percent of all jobs in Canada only exceeded by manufacturing and retail. Tourism is bigger than construction, finance and education. It is one of the fastest growing sectors in the global economy yet Canada's share is shrinking. Taxation and Visa policies are the biggest barriers.

The \$70 billion travel and tourism industry employs 649,000 people across Canada. The lodging sector is a key component generating \$17.5 billion in revenue, employing 320,000 people and paying \$6.3 billion in taxes including \$2.8 billion to the federal government.

Key federal policy changes can have a huge impact on the strength of the travel sector and the speed with which it recovers. And as one of the major beneficiaries of a vibrant travel sector, through its tax revenue as well as the owner of many of our tourism assets, the federal government has a direct interest in speeding the recovery of this industry and ensuring Canada regains its place as a competitive, high value travel destination.

As the economy rebounds around the world the hotel sector can be among the fastest growing; creating new jobs and initiating new investment more rapidly than other sectors. But this will not happen with a 'business as usual' approach. Unfortunately Canada cannot realize its true potential under the existing structure and significant change is urgently needed.

While the global pie is getting bigger, Canada's share is shrinking. The Canada Brand is #1, however we are 15<sup>th</sup> in foreign arrivals according to the FutureBrand Index. Strong brand interest is not converting into arrivals. In 2000 Canada was the 7<sup>th</sup> most popular destination in the world with a travel deficit of just over \$1 billion. Between 2002 and 2009, almost all countries posted international tourist arrival gains except Canada. Restoring Canada back in the top 10 in foreign arrivals would bring 5.7 million more visitors, \$5.2 billion in revenue and 46,900 more jobs. It would generate \$1.5 billion in new taxes.

Canada requires an effective Visa system to facilitate key emerging markets including Brazil, Russia, India, China and Mexico. In addition, this will assist the availability of people to work in the lodging industry under the federal Temporary Foreign Workers Program.

Canada is a "Fly-to" destination and our cost structure is a barrier to success. Exceedingly high airport rents, fuel taxes and security fees have dropped Canada down to 125<sup>th</sup> position from 109<sup>th</sup> for aviation cost structure based on the World Economic Forum Travel and Tourism Competitiveness Report.

Canada requires sustained marketing funding for the Canadian Tourism Commission in order to effectively market our country abroad.

In the New 41<sup>st</sup> Parliament the HAC is seeking commitment and support for the Tourism sector.

**Tourism is one of Canada's largest employers, however it has lost market share. By enhancing Canada's promotion abroad, supporting more competitive air access and improving Visa processes we can win back market share in tourism and create thousands of jobs.**

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