



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

From the Desk of the President



September 22, 2011

Dear Valued Member,

The 2011 HAC Grassroots Campaign has been the highlight of the summer with 105 meetings having taken place to date. We have already begun to see some successes. The new Open Skies agreement with Brazil, the 7th most powerful economy in the world, and the implementation of a new ten year multiple-entry visa for international travelers wishing to visit Canada - both positive initiatives by the Government.

Meetings with Maxime Bernier, Minister of State Small Business and Tourism, and Opposition Tourism Critics

On August 19 the HAC and TIAC met with the Honourable Maxime Bernier, Minister of State Small Business and Tourism, who stated he is delighted to be the "Advocate for the Tourism Industry". We can expect the new Federal Tourism Strategy to be announced later this year. The HAC President has also met with Raymond Cote, NDP Small Business and Tourism critic and Joyce Murray, the Liberal Party critic.

Each requested further information on HAC policies and the HAC responded:

"Canadian Tourism Commission annual base funding has dropped 28 percent from 2001 to 2011. In real terms this is a drop of 40 percent. In 2001 it was \$98.7 million. Today it is \$72 million and through Program Review it could be cut a further 5 to 10 percent.

Visitors to Canada must undergo a long, time consuming process to secure visas. This can result in potential travelers choosing to visit other countries that have simplified and streamlined this requirement. As an example Brazil is the seventh most powerful economy in the world and outbound tourism from this country is growing exponentially. To obtain a visa to Canada, visitors must surrender their credentials and wait for the process to unfold - often taking several days or weeks. Compare this to the United States where the applicant receives their visa on the same day. Canada should seriously consider the Australian model with its Electronic Travel Authority (ETA) which processes visas instantly.

Airport and air charges have resulted in Canada being ranked in 125th position globally by the United Nations World Tourism Organization. The airport rents charged by the federal

government to airports downloaded to municipal authorities years ago totals \$257 million annually. The aviation Excise Sales Tax was designed as a temporary measure but still is in place. The federal government derives \$40 million in revenue for this charge.

The Air Transportation Safety Charge is completely paid for by the air traveler and not spread across all tax payers as in other countries; the ATSC generated \$394 million to the federal government in 2009. These charges are all passed on to the traveler when purchasing airline tickets.

Based on the HAC's 2011 Travel Intentions Survey, airline travel being artificially higher in Canada has also resulted in 21 per cent of Canadians traveling to the United States seeking less expensive airline tickets. At the same time air carriers choose to bypass Canada and are flying into US airports. It is for precisely this reason that Air France chose to serve the Pacific Northwest through Seattle as opposed to Vancouver International (YVR).

Around the world the CTC conducts marketing campaigns in 11 countries and Canada has Open Skies agreements with only three; namely the United States, South Korea and Brazil and liberalized air agreements with four others - the United Kingdom, France, Germany and Japan. Compare this to the United States which to date has 96 Open Skies Agreements in place. Immediate action must be taken to take advantage of new markets through new Open Skies agreements."

Red Tape Commission

The HAC was once again invited by Minister Maxime Bernier to attend the Red Tape Commission Meeting on September 6, 2011 whereby the Minister indicated he is fully committed to reducing government red tape.

The HAC participated in the Commission hearing and submitted the following recommendations:

- It is the owner/operator who is responsible for compliance along with all other aspects of the business.
- Refrain from asking business for information which is already available within the administration, unless it needs to be updated.
- Set up single points of contact through which business can obtain all relevant information and complete all necessary procedures by electronic means.

The *What Was Heard Report* will be tabled in December in order that recommendations can be included in the 2012 February Federal Budget.

Re:Sound Proposed Tariff #3 - Background Music

The Hotel Association of Canada has formally objected to Re:Sound Proposed Tariff No 3, the Use and Supply of Background Music in accordance with the Statement of Proposed Royalties as published in the Canada Gazette on June 4, 2011.

Hotels have to pay Re:Sound tariffs for tariffs are already certified by the Copyright Board of Canada but not new "applied for" tariffs. For example under Tariff 3 "Use and Supply of Background Music" hoteliers have to pay the certified tariff for 2003 to 2009. This rate still applies to 2011. However Re:Sound has applied for a tariff increase which HAC has officially opposed. Re:Sound can invoice a hotel under the 2003-2009 rate but not for the new rate if and until the Copyright Board approves it. The same procedure applies to SOCAN. As always, do not hesitate to contact me to discuss further.

Sincerely/Sincèrement,

A handwritten signature in black ink, appearing to read 'APollard', with a horizontal line underneath the name.

Anthony P. Pollard
President/Président