

For immediate release

**NATIONAL TRAVEL AND TOURISM COALITION CALLS ON GOVERNMENT
TO ENHANCE COMPETITIVENESS**

New whitepaper calls for fair taxation regime, level playing field with international competition

Ottawa, October 28, 2010 – Canada will continue to lose its attractiveness as a world tourist destination unless governments take immediate action to ease tax, regulatory and other burdens on the \$71.5 billion industry, according to a new study by the National Travel and Tourism Coalition (NTTC).

“Since 2002, Canada has slipped from the eighth most-visited destination in the world to the fifteenth,” noted Tourism Industry Association of Canada President and CEO David Goldstein. “If we are to compete globally and regain our position as a top ten destination in the world, the policy-based impediments that have been built in to our sector need to be addressed.”

The Coalition’s analysis and recommendations are contained in ***Looking to 2020 – The Future of Travel and Tourism in Canada***, an unprecedented look at the state of the sector. The NTTC is comprised of representatives from the tourism, hotel and air transport industries, whose members collectively represent \$29 billion in GDP and 650,000 employees across Canada.

The study, released today, provides a description of the opportunities tourism presents for Canada, together with a set of realistic policy recommendations that will set the stage for economic growth and export development in the short to medium terms. The whitepaper identifies four areas in particular that require public policy fixes:

- **A fair taxation regime** that assists the growth of international travel and tourism;
- **A level playing field with the United States** in competition for overseas and trans-border travel and tourism;
- **Policies that enhance global competitiveness** of Canada’s travel and tourism industry;
- **Access to a sufficiently large and skilled labour force:** for Canada’s travel and tourism industry.

“The mounting burden of fees faced by potential visitors and the structural costs on the aviation sector need to be addressed if we are to become a competitive industry,” said National Airlines Council of Canada President George Petsikas. “We cannot continue to weigh our sector down with these financial burdens and expect to compete with other destinations around the world.”

“We have to work together to ensure Canada’s aviation sector is operating in a cost competitive environment if we are to drive down the price of travel to and through Canada,” said Canadian Airports Council Chair Bill Restall. “Tourism is such an important sector for Canada and it really is in our national interests, our government’s interests to see it prosper.”

“Our sector needs an adequately-sized workforce if we are to succeed and compete,” said Hotel Association of Canada President and CEO Anthony Pollard. “We need to ensure that Canada’s immigration policy and programs that help provide us with a sufficient pool of workers and that help to train them remain available going forward.”

The National Travel and Tourism Coalition is comprised of industry associations within the travel and tourism sector in Canada and North America, including:

- Canadian Airports Council (CAC) – www.cacairports.ca
- Hotel Association of Canada (HAC) - www.hotelassociation.ca
- International Air Transport Association (IATA) – www.iata.org
- National Airlines Council of Canada (NACC) – www.airlinecouncil.ca
- Tourism Industry Association of Canada (TIAC) – www.tiac-aitc.ca

The whitepaper as well as an economic impact study on the aviation-based travel and tourism sector is available on the Websites of selected NTTC members.

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BACKGROUND

Since 2002 Canada has dropped from 8th place to 15th among the world's most visited tourist destinations. The National Travel and Tourism Coalition's vision is that Canada regains its top 10 ranking in the international travel and tourism stakes by 2020.

In 2009, Canada received just over 15.7 million overnight visitors who spent \$14.2 billion, or \$903 per visitor.

If the National Travel and Tourism Coalition's vision were realized, in 2009 Canada would have welcomed 5.7 million more visitors spending \$5.2 billion and generating 46,900 more jobs for Canadians.

To realize our vision we need:

1. A fair tax regime that does not hinder the economic development of the industry.
2. A level playing field with our largest tourism competitor, the United States.
3. Policies that enhance the global competitiveness of Canada's travel and tourism industry.
4. Access to a sufficiently large and skilled labour force.

The scope and scale of the challenges facing Canada's travel and tourism industry require major policy reforms. Piecemeal, ad hoc or incremental reforms will do little to prevent Canada's decline in the global rankings for international visitation.

Here is a summary of the NTTC's specific recommendations in five broad categories:

Global Cost Competitiveness

- Eliminate; airport rents, municipal taxes imposed on airports and payments in lieu of taxes
- Dedicate the proceeds of the excise tax on aviation fuel to aviation infrastructure
- Significantly reduce or eliminate the Air Travelers Security Charge (ATSC) through greatly expanded government funding for aviation security and passenger screening services
- Modify the Foreign Convention and Tour Incentive program through:
 - Improvements to the current tour operator scheme
 - Re-introduction of an individual rebate scheme

Travel and Tourism Infrastructure

- Create a travel and tourism Infrastructure bank capable of providing low cost financing to airports, airlines, and major travel and tourism infrastructure development projects
- Improve the connectivity of airports with the surrounding communities and expand interconnections between air travel and other modes of transportation

- Develop a coordinated travel and tourism growth or facilitation strategy that identifies the key priorities within each region
- Ensure that Canada's travel and tourism infrastructure investment policy is consistent with similar policies in major competitor countries

Forward Looking Tourism Strategy

- Increase funding for the Canadian Tourism Commission (CTC):
 - Strive for internationally competitive levels of financial support
 - Ensure stability and predictability of funding to the CTC over longer periods of time
- Ensure federal departmental policy decisions consider impacts to tourism and take all necessary steps to mitigate these impacts
- Provide small and medium sized tourism establishments access to financing through the development of a travel and tourism infrastructure bank that can provide financial intermediation

Smart Security and Border Controls

- Increase financial and human resources of the Canadian Border Services Agency in order to minimize the impact of their operations on visitors' travel experience
- Aggressively implement smart border control technologies and trusted traveler programs
- Implement changes at the Canadian Air Transport Security Authority (CATSA) that would allow for improved transparency and communication with key stakeholders such as airports and airlines
- Allow airports to provide airport passenger pre-screening if they wish to do so
- Benchmark CATSA throughput rates and productivity levels with similar security screening providers around the world and implement regular best practices review

Labour Shortages

- Increase the available supply of labour in Canada
- Encourage the participation of under-represented groups in the labour market such as youth and new Canadians
- Streamline and improve the Temporary Foreign Worker (TFW) program including Labour Market Opinions (LMOs)
- Continue to fund the work of the Canadian Tourism Human Resource Council (CTHRC)
- Ensure that skills training for the hospitality industry is sufficiently available