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Attention: Guyanne L. Desforges, Clerk of the Standing Committee on Finance
Email: FINA@parl.gc.ca

# 2012 Pre-Budget Consultations
# Submission by Hamilton Halton Brant Regional Tourism (HHBRTA)

The Hamilton Halton Brant Regional Tourism Association is an independent, industry led, not-for-profit organization responsible for working with tourism partners to enhance and grow regional tourism products and marketing activities. HHBRTA is located in south-western Ontario and includes the Regions of Halton, the City of Hamilton, City of Brantford, County of Brant, and the Six Nations of the Grand River Territory and the Mississaugas of the New Credit First Nation.

Vision: Hamilton Halton Brant Regional Tourism Association area will be recognized as a compelling tourism destination and tourism as a significant economic driver by 2020.

Mission: The Hamilton Halton Brant Regional Tourism Association is an innovative industry partnership committed to collaborative development initiatives that establish the region as a compelling tourism destination through:

- Increasing industry capacities, revenues and viability
- Product development and marketing of authentic and diverse tourist experiences that generate increased day and overnight visitations and revenues
- Building recognition of tourism as a significant regional economic driver and employment generator based on performance measures
- Advocacy on behalf of the tourism industry's development and investment

## Economic Impact of Tourism

Tourism is a $74 billion sector of Canada's economy, and directly supports 617, 300 jobs for Canadians. Tourism contributed $29.5 billion to Canada's GDP and generated $9.4 billion in federal tax revenue in 2010. With a growth rate of 6.5% over the last year, the sector is an important contributor to sustained economic recovery in Canada.

International tourism is one of the fastest growing industries in the world. As a world trade category, international tourism currently generates more than US$1 trillion in export income annually and ranks 4th after fuels, chemicals and automotive products.

International visitors drive the long-term growth and competitiveness of the Canadian tourism industry. In 2010, 15.9 million international visitors generated $14.8 billion in export revenue for Canada. This represents an increase of 5.2% over 2009 and reflects growth in all key overseas markets except Mexico, which declined due to visa restrictions imposed in 2009.

## Tourism Priorities for Budget 2012

### *1. Canadian Tourism Commission Funding*

The Canadian Tourism Commission (CTC) is responsible for marketing Canada internationally. They compete for an international tourism market worth $3 billion a day.
Core funding of the CTC has dropped year over year for most of the last decade and now rests at $72 million for 2011/12. This is 27% less than they received in 2001. By comparison, the United States' new marketing organization will operate with an estimated budget of $200 million. Many other countries are also making large investments in their national tourism marketing organizations, leaving Canada 20th in the world for national tourism organization funding.
In this highly competitive marketplace, Canada cannot expect to succeed by relying on its natural endowments and cultural attractions. Competitive marketing and destination branding are needed to benefit from the economic potential of international tourism.

*Recommendation:* Hamilton Halton Brant Regional Tourism Association recommends that the federal government revisit the funding model for the Canadian Tourism Commission with the objective of providing a competitive and stable base for effectively marketing Canada internationally.

### *2. Aviation Cost Structure*

Last year, 21% of Canadian leisure travellers in 2010 drove to the United States to use less expensive plane tickets purchased for travel within the U.S. or internationally, according to a recent Canadian Travel Intentions survey. This "leakage" amounts to millions of Canadian travellers who found the price of Canadian plane tickets more expensive than the total cost of driving to the U.S. and flying from airports like Buffalo, Detroit, Plattsburgh or Bellingham.

This trend is the result of a mounting burden of taxes and fees imposed on the aviation sector that discourage competition and drive up the prices of air tickets both to and within Canada. Airport ground rents, the Air Travelers Security Charge, airport improvement fees, NAV CAN charges, payments to municipalities and aviation fuel taxes are all piled in to the final price of a ticket. These infrastructure funding and user-pay policies imposed by the Canadian government add upwards of $160 to the cost of an overseas trip to Canada compared with the United States, where the aviation sector operates in a far more supportive environment. Measured against rest of the world, the competitiveness of our aviation cost structure is ranked 125th by the World Economic Forum. Canada is a "fly-to" destination and price competitiveness is vital to attracting visitors. The cost of flying to Canada must be comparable to, or less than, other competing destinations. If millions of Canadians are willing to endure the time and hassle of crossing to the United States to fly, potential visitors from overseas will avoid Canada altogether.

*Recommendation*: The Hamilton Halton Brant Regional Tourism Association recommends that the federal government undertake a comprehensive review of the aviation cost structure in Canada with a view to achieving a fair tax and regulatory regime that would allow the travel and tourism sector to compete on

***3. Support for Festival and Event Programming***

Major international festivals and events are key economic drivers in the new economy, providing must-see, sophisticated programming for discerning travellers. Investments in our sector have a beneficial flow through effect for transportation, hospitality, accommodations, and the greater tourism industry.

Behind the stages, venues and programming are burgeoning centres of innovation, creativity and commerce that enrich the quality of life in vibrant communities where people and businesses look to live, work and play.

A recent study commissioned by the Canadian Festivals Coalition estimated that 15 of the largest festivals and events in Canada attract 12,600,000 attendees annually, contribute $650 million in GDP to their local economies, and support the equivalent of 15,600 full-year jobs nationwide.

Canada's major festivals and events are among the best in the world and Canada's competitive advantage can be strengthened through augmented strategic partnerships with government.

**Recommendation:** The Hamilton Halton Brant Regional Tourism Association recommends that the federal government reconvene investment in the economic development opportunities in Canada's major festivals and events sector through the creation of a permanent funding program administered by Industry Canada. The Marquee Tourism Events Program (MTEP), as a pilot project, provided the opportunity for festival and event administrators, and government officials, to better understand each other's corporate cultures and set the foundation for future efficiencies.

We believe that a new program of matching federal funds with resources raised from private sources will have a catalytic effect on sectoral growth while providing a significant return to Canadians. An ideal funding program would:

• Invest $30 million annually in Canada's major international festivals and events- to be allocated by merit-based economic criteria and not subjected to regional quotas and limitations.
• Allocate $20 million dollars annually to emerging and regional festivals and events based on merit-based economic criteria and subject to regional considerations.
• Collaborate with the industry to perfect the application, qualification and remittance practices informed by the successes and challenges of MTEP and reflective of the operational realities of the sector.
• Provide for multi-year project funding to maximize opportunities for product development and return on investment.

MTEP was a tremendous success. The associated timelines were developed in the interests of quickly distributing stimulus funding in a time of dire economic uncertainty. We believe that a new program that accommodates the decision making business cycles or our sector will yield even better results.

The ideal implementation scenario includes a program announcement in the 2011-2012 Budget; an application process commencing in September 2012 with a submission deadline of November 2012; an announcement of recipients made in January 2013 with funds flowing as of April 1, 2013. This timeline will provide applicants with the best opportunity to creatively plan successful events and develop the partnerships that drive up attendance and tourism revenues

*In conclusion:*

The success of national tourism efforts has impacts to tourism industry and activities in all the provinces and regions of Canada. It is imperative that the 2012 budget allocate funding that will foster industry growth and innovation in order to compete with other nations for the tourist dollar to be spent in Canada.

The Hamilton Halton Brant Regional Tourism Association is working closely with the Ontario Ministry of Tourism to build capacity and increase marketing efforts in partnership capacities. Working together with Canadian Tourism Commission and federal government strengthens partnership that much more significantly when resourced appropriately.

Thank you for the opportunity to make a submission to provide input in the 2012 Budget process.

Vic Prendergast, Chair
Hamilton Halton Brant Regional Tourism Association