

# TOURISM SASKATCHEWAN - Submission to the House of Commons Standing Committee on Finance

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## EXECUTIVE SUMMARY

Tourism is one of the world's most rapidly growing economic sectors. In Canada, it generates over \$74 billion in economic activity annually with an economic impact equal to forestry, fishing, and agriculture combined. In 2010, tourism contributed \$29.5 billion to the country's Gross Domestic Product (GDP) and generated \$9.4 billion in federal tax revenue.

More than 1.6 million Canadians (one in ten workers) are employed in tourism's five industries: 1) Food and Beverage Services, 2) Accommodations, 3) Recreation and Entertainment, 4) Transportation, and 5) Travel Services. Given the numbers of people and the vast range of occupations and services, it is reasonable to consider that virtually all areas of business and commerce are influenced by tourism.

Tourism is about image – how others see us and how we see ourselves. A vibrant tourism sector reflects positively on a nation, province, or community. Tourism Saskatchewan, in concert with its provincial counterparts and associations within the travel and tourism sector, strives to position Canada as a destination of choice and to promote its exceptional qualities.

Like any enterprise or economic sector, tourism is faced with challenges. Often, they are a result of forces beyond the control of the small and medium-sized entrepreneurs (who account for over 90% of tourism businesses) and the people who are the “heart and soul” of tourism. For instance, gas prices, the value of the Canadian dollar, world economic woes, and fears about travel safety are just a few of the issues that have a serious impact on the sector. Other challenges, however, can be addressed by targeting investment toward creating a solid foundation for tourism and supporting efforts that will yield strong returns.

There is a critical need for investment in the areas of tourism marketing, human resources, and infrastructure. Tourism Saskatchewan appreciates this opportunity to participate in the Pre-Budget Consultations. Our recommendations stress support for:

- 1) The Canadian Tourism Commission,
- 2) The Canadian Tourism Human Resource Council, and
- 3) Western Economic Diversification funding of tourism initiatives.

We strongly urge the Government of Canada to ensure adequate funding to these areas in the 2012 Federal Budget.

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## RECOMMENDATIONS

### **Funding for the Canadian Tourism Commission**

The Canadian Tourism Commission (CTC) is responsible for marketing Canada to the rest of the world. Competition is stiff and the CTC's resources pale in comparison with other nations.

This fact was highlighted by David Goldstein, President and CEO of the Tourism Industry Association of Canada, during an on-air interview with Saskatchewan Newstalk Radio on May 30, 2011. He provided examples of countries that, despite economic strife, understand the significance of tourism as an economic driver and the power of investing in tourism marketing. He cited Greece and Ireland as prime examples of countries that, in spite of serious financial challenges, continue to target monies toward tourism. Cypress, as well, was noted for its \$130 million annual investment, compared to the limited resources provided to the CTC.

Canada can and should do more. However, core-funding to the CTC has seriously declined. In 2001, the organization received \$100 million. The figure for 2012 is estimated at \$70.7 million. The fact that the CTC receives 27% less than it did a decade ago, positioning Canada at 20<sup>th</sup> place in terms of national tourism organization funding, is disconcerting. Inadequate funding impedes our nation's ability to compete in a world tourism market worth \$3 billion a day.

The global tourism market is growing rapidly. The World Tourism Organization predicts that international tourism arrivals will reach nearly 1.6 billion by 2020. Canada boasts a wealth of tourism resources and offers a vast range of experiences and adventures. To attract our "fair share" of travellers, dollars are needed to reach global markets and promote Canada effectively.

**Tourism Saskatchewan recommends that consideration be given to an increase in base-funding to the Canadian Tourism Commission by \$30 million, bringing the organization in line with its 2001 funding level of \$100 million.**

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## **Funding for the Canadian Tourism Human Resource Council**

The predictions for labour shortages in Canada's tourism sector over the next 15 years are staggering. A 2010 study of the Tourism Labour Supply and Demand states that by 2025, the sector could face a labour shortfall affecting an estimated 291,000 jobs, leaving a 10% gap of the potential demand unfilled.

In Saskatchewan, tourism plays a key role in the economy, with annual revenue exceeding \$1.6 billion. The potential for tourism growth and for entrepreneurial and employment opportunities is significant. Currently, the sector employs over 62,000 citizens. Like other provinces, Saskatchewan is predicted to experience a serious gap between labour supply and demand.

Throughout Canada, businesses and communities will be affected by the severe shortages in the Food and Beverage industry, which faces the largest potential downside. Four of the tourism occupations that have dire forecasts are in this particular industry. There are multiple consequences, should this area be affected as anticipated. One can envision any number of scenarios. Imagine arriving at your favourite restaurant at noon, only to be greeted by a sign that reads "Closed for Lunch" because no staff are available. Cutbacks in services and hours of operation are already realities in some jurisdictions. The situation may worsen, with substandard levels of service and business closures becoming more commonplace. Inevitably, communities will deteriorate, and opportunities and revenue will be forfeited.

Labour shortages predicted in the transportation industry, in accommodations, and in recreation and entertainment will have serious repercussions, as well. Canada's image will be compromised and efforts to build a strong, viable tourism sector and position our nation favourably in the world travel market will be negated.

The Canadian Tourism Human Resource Council (CTHRC), in its 2010 Report on The Future of Canada's Tourism Sector, identifies priorities for action to combat the anticipated challenges concerning labour supply and demand. These are listed as follows:

Priorities for the tourism sector . . .

- Enhance the image and appeal of tourism jobs, achievable by
  - Showcasing the professional benefits of a tourism career to students
  - Adjusting the needs and expectations of younger workers
  - Increasing the focus on skills training, and

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- Expanding the number of standardized certification programs
- Create partnerships to share part-time or seasonal workers between businesses
- Develop international work exchange programs
- Increase awareness of current programs and services

## Priorities for government action . . .

- Address shortcomings in the Temporary Foreign Worker Program
- Revise Employment Insurance and Canada Pension Plan regulations
- Facilitate the transition of new immigrants into the workforce
- Provide tax incentives for training
- Increase tourism marketing efforts
- Increase awareness of current programs and services

The CTHRC and its sector council partners across Canada have made immeasurable contributions to tourism and are integral to the sector's future. The importance of maintaining NATIONAL skill standards for the sector is undeniable. Equally critical is providing a NATIONAL process to recognize that individuals meet those standards. Of utmost importance is a credible body that is responsible for reliable, up-to-date labour market information and that can bring together the organizations responsible for training at all levels to deliver the skills required by industry. The work of the CTHRC goes "hand in hand" with efforts to enhance Canada's competitive position in a rapidly growing, lucrative world tourism market.

**Guaranteed adequate funding for the CTHRC, addressing the above mentioned priorities, will yield positive dividends for Canada's labour needs.**

## **Western Economic Diversification Funding of Tourism Initiatives**

Throughout western Canada, tourism plays a significant role in the economy and contributes to the vitality of communities and to the quality of life. It generates considerable tax revenues, estimated at 28 cents of every tourism dollar spent.

In Saskatchewan alone, tourism generates economic revenue exceeding \$1.6 billion annually. More than 62,000 of the province's citizens are employed in tourism-related jobs (twice the number who work in mining, oil, and gas). Small and medium-sized businesses comprise 95% of the tourism sector in our province.

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There is vast potential for tourism growth, which provides new entrepreneurial opportunities, encourages business expansion, fosters innovation and diversification, creates jobs, generates new export dollars, and strengthens local, provincial, and national economies.

Western Economic Diversification (WD) is mandated to “promote the development and diversification of the economy of western Canada and to advance the interests of western Canada in national economic policy, program and project development, and implementation.” Communities throughout the west have benefited from project support provided by WD. The funding of several tourism projects has yielded positive dividends for our sector and for those particular locations.

The opportunities that exist in a vibrant tourism sector are aligned with initiatives that WD recognizes as contributing to specific project activities. These are identified on WD’s website as follows:

- Strong small-and medium-sized businesses in western Canada with improved capacity to remain competitive in the global marketplace (Business Development);
- A stronger-knowledge based economy (Innovation); and
- Communities with increased economic opportunities and capacity to respond to challenges, as well as the necessary investment in public infrastructure (Community Economic Development).

Tourism stakeholders in western Canada desire a more level playing field with our eastern counterparts that have access to funding for development and marketing through the Atlantic Canada Opportunities Agency (ACOA).

**With greater WD investment in tourism initiatives, destinations across western Canada would be enhanced, and communities and local businesses would profit. We recommend consideration of a stronger commitment by WD to tourism development and promotion, and that the 2012 Budget allocate the appropriate dollars to such.**