

Association québécoise de l'industrie touristique

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Brief of the Association québécoise de l'industrie touristique (AQIT) Founded in 2001, the Association québécoise de l'industrie touristique (AQIT) represents and works with Quebec's tourist businesses and agencies. Its mission is to promote and advocate their interests in order to further the economic development of the tourist industry. AQIT is recognized by governments, socio-economic partners and the general public as the leading advocate for the tourism industry on economic and public affairs in Quebec. With regard to your consultations for the 2013 budget, the same three major priorities we have previously advanced for stimulating Canada's competitiveness as a tourist destination in international markets are valid once again this year. They have been identified by Quebec tourism industry leaders and are as follows: (1) funding for the Canadian Tourism Commission; (2) aviation cost structure; (3) support for festival and event programming. Economic impact of tourism: In 2011, Quebec's tourism industry generated \$11 billion in tourism revenues and ranked as the fourth largest export sector. Quebec's 30,000 tourism businesses alone created 400,000 direct and indirect jobs. In Canada, tourism accounted for revenues of some \$78 billion over the same period. Through a close partnership between the industry and the Quebec government, Nicole Ménard, Quebec's Minister of Tourism, released Quebec's tourism industry development plan for 2012-2020 in May 2011. The plan contains more than 30 measures that will stimulate tourism and business development and generate an average annual growth rate of 5% in tourism revenues by 2020, which will result in: a \$7 billion increase in tourism revenues, an additional \$7 million visitors and the creation of 50,000 new jobs in Quebec. Internationally, tourism is a fast growing industry that currently generates more than US\$1 billion in export revenues, ranking the industry fourth in the world. International visitors stimulate the Canadian tourism industry's long-term growth and competitiveness. In 2011, international visitors alone brought in \$15 billion in export revenues for Canada. Quebec tourism industry's priorities for Budget 2013:

1. Funding for the Canadian Tourism Commission: In the past decade, core funding for the CTC has declined to \$72 million in 2012-2013, and cuts in the order of \$14.2 million are planned for 2013-2014 and 2014-2015. By comparison, the new US trade organization operates with an estimated budget of \$200 million. Since many countries invest more in their national tourism promotion organizations, Canada ranks 20th in the world for its funding of a national tourism office. In this highly competitive market, Canada cannot expect to achieve a great deal of success by relying solely on its natural resources and cultural attractions. Competitive marketing and destination promotion are essential to achieving the economic potential of international tourism. Recommendation: AQIT recommends that the federal government re-evaluate the funding model for the Canadian Tourism Commission (CTC), with the aim of providing a stable and competitive base in order to promote Canada effectively at the international level.
2. Aviation cost structure: According to a recent Canadian survey conducted on travel intentions in 2010, 21% of Canadian recreational travellers travelled to the United States by car to take advantage of lower airline ticket prices for travel in the United States and to other foreign countries. This "flight" shows that millions of Canadian travellers realize airline ticket prices in Canada are higher than the cost of travelling to the United States by car and departing from American airports such as Buffalo, Detroit, Plattsburgh and Bellingham. This trend is the result of the various taxes and charges

levied on the airline sector which discourage competition and inflate airline ticket prices for travel in and outside Canada. Airport land rents, aviation security costs, airport improvement costs, NAV CAN service charges, payments to municipalities and aviation fuel taxes are all charges that add to the final cost of an airline ticket. According to the World Economic Forum, the competitiveness of Canada's aviation cost structure ranks 125th in the world. As Canada is a destination reached mainly by air, the competitiveness of our prices is essential in attracting visitors. The cost of a flight to Canada must be comparable or lower for competing destinations. Recommendation: AQIT recommends that the federal government undertake an exhaustive review of Canada's aviation cost structure in order to design a fair regulatory and tariff regime that would enable the travel and tourism sector to be competitive in world markets.

3. Support for festival and event programming: By developing appealing, sophisticated programming for informed travellers, major international festivals and events are important economic catalysts in the new economic reality. Investments in this sector have a significant economic impact on all sectors, particularly accommodation, transportation, reception and services. According to a study commissioned by the Canadian Festivals Coalition in 2010, 15 of the biggest festival events in Canada attract 12,600,000 attendees annually, thus contributing up to \$650 million to GDP and stimulating the creation of 15,600 jobs every full year across the country. The major festivals and events in Canada are among the best in the world, and Canada's competitive advantage can be reinforced through improvements to strategic partnerships with the government. Recommendation: AQIT recommends that a permanent funding program, managed by Industry Canada, be established for major festivals and events. As a pilot project, the Marquee Tourism Events Program (MTEP) gave festival and event managers and government employees an opportunity to gain a clearer understanding of their respective organizational cultures and to develop economic performance criteria. A new program combining federal funding with private sector resources will act as a catalyst for growth in this sector, in addition to generating a significant economic return for all Canadians. We tourism entrepreneurs represented by AQIT are major investors in this industry. We create a large number of jobs and generate significant economic impact for the country. With your support, we are convinced we can do much more, and even better. Thank you for your attention.

Yan Hamel, President, President and CEO of Croisières AML

c.c. The Honourable Maxime Bernier, Minister of State (Small Business and Tourism)

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Our answer to question 1 constitutes our brief.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Our answer to question 1 constitutes our brief.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Our answer to question 1 constitutes our brief.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Our answer to question 1 constitutes our brief.