

**THE
HOTEL
LOBBY**

2014

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Introduction

Travel and tourism is among the highest performing sectors of the global economy, experiencing annual growth of 5% and for the first time in history generating \$1 trillion of annual revenue and in 2013 1 billion international travellers. Canada's inbound overnight growth was less than half the international average at 1.7%.

There is an unparalleled economic opportunity in Canada; yet we are severely limited by the lack of individuals available to work in hotels and an inadequately funded international marketing budget.

The hotel industry employs 290,000 people in Canada and is one of the larger sectors and job creators in the Canadian economy. In select markets there are critical labour shortages and hotels do not have enough applicants for available positions. The Temporary Foreign Worker Program is a vital program however Canada requires a permanent solution to addressing labour shortages.

The Hotel Association of Canada has been raising awareness of the critical importance of travel and tourism to Canada whose \$84.8 billion contribution to the Canadian GDP is worth more than agriculture, fisheries and forestry combined. Recognition by the Government of Canada in the 2013 Speech from the Throne of the importance of tourism together with recent announcements on visas and expanded air routes were welcome news. However, at less than 2% growth, Canada must do better to compete for global market share.

By the Numbers

The Hotel Association of Canada represents the 8,500 hotels, motels and resorts in Canada which had revenues of \$17.6 billion in 2013, employed more than 290,000 people and generated tax revenues of \$7.4 billion with \$3.3 billion going to the federal government.

Overall, the Canadian travel and tourism industry accounted for \$84 billion in economic activity in 2013, \$17.36 billion in export revenue, \$9.6 billion in federal tax revenue and employed more than 614,000 people across Canada.

The Government of Canada is a major beneficiary of tourism revenues yet they have not reinvested in the industry's future.

The Human Resource Solution

The Hotel Association of Canada is seeking a permanent long-term solution to labour shortage across Canada.

The lodging industry supports the sanctions imposed on any who violate the Temporary Foreign Worker Program. At the same time, it is critical that the government understand the importance of the program to the success of the Canadian lodging industry and to tourism as a whole in Canada.

Canada's lodging industry is facing a nation-wide labour crisis. The Temporary Foreign Worker Program is critical as we attempt to fill labour market needs. The industry is experiencing a structural labour gap, a gap that can only be closed by more people willing and able to work from Canada and abroad in our hotels, motels and resorts.

According to the Price Waterhouse Coopers Alberta Hotel & Lodging Association's 2013 Labour Market Survey, the Canadian lodging industry continues to rely on foreign workers in front line occupations including Front Desk Agents, Housekeepers, Food & Beverage Servers and Kitchen Helpers. Foreign workers are a vital source of labour especially in but not limited to remote parts of the country. Across Canada, in every province from Newfoundland and Labrador to British Columbia and to Canada's north, we have case after case of hotels that need to hire workers from outside of Canada to staff essential, unfilled positions.

It is essential for the federal government to tackle the broader issue of a comprehensive immigration policy that addresses labour shortages in Canada and to set out a clear path for permanent residency. The skilled and semi-skilled labour shortage can be resolved by making it easier for all workers to come to Canada as immigrants and not simply as temporary labour.

No doubt there has been a lack of consistency in the delivery of the Temporary Foreign Worker Program. There are many different categories of workers ranging from seasonal agricultural workers, live-in caregivers to scientific and technical managers to low or semi-skilled positions.

Highly skilled individuals and live-in caregivers have a clearly defined path to permanent residency in Canada. Unfortunately this is not the case for semi and low skilled workers who are subject to a four year cap on their potential length of stay and have limited opportunities through their Provincial Nominee Programs.

The Hotel Association of Canada commends the government for the enforcement of equal wages and working conditions for temporary foreign workers. Point in fact, the Price Waterhouse Coopers Study dispels the myth that minimum wage jobs are the norm in the hospitality industry and that foreign workers are paid less than their Canadian equivalents.

The HAC is implementing the national strategy of the Hotel & Lodging Industry Worker Program. We ask government for their support of the national strategy which is the framework for industry to address our labour market challenges.

Goals include:

1. Raising the level of human resource standards and practices;
2. Formation of a Group of Employers Pilot Project;
3. Providing assurance, through the Employer of Choice Program, to government, industry and employees that all parties are treated fairly;
4. Demonstrating that fulfilling careers are available across the country;
5. Providing a pathway to permanent residency; and
6. Addressing the structural labour gap.

The Hotel & Lodging Industry Worker Program framework utilizes elements of the Season Agriculture Worker Program which has operate successfully in Canada since 1966.

In February the HAC was invited by the federal government to set up and form a Group of Employers Pilot Project (GoE). Under the Pilot GoE, the hotel industry bands together to undertake a common project or initiative in a specific geographical area within established timelines. A GoE demonstrates that Canadians have also been hired for the project and that Canadians are being considered first for these positions.

The objective of the GoE Pilot is to offer employers more flexibility in human resource management through access to a shared pool of temporary foreign workers, as long as there is a demonstrated need for mobility of these workers between employers within the group. Labour Market Opinions and work permits will be issued in the name of the GoE, which will allow employer members to transfer workers amongst themselves, within pre-approved worksites and in identical occupations, without having to request new LMOs and new Work Permits.

The HAC is seeking federal government support for the implementation of the national strategy of the Hotel & Lodging Industry Worker Program.

The International Marketing Solution

International tourism grew by 5% globally last year while inbound visitors to Canada grew by only 1.7%. A decade ago, Canada was one of the top ten destinations in international arrivals but has since slipped to 16th position globally.

The international tourism market is extremely lucrative. On average, visitors from Canada's top ten international markets spend \$1,547 per trip compared to \$260 for domestic travellers. Since 2002, Canada has become over-dependant on the domestic travel segment. Over that time Canadians travelling within Canada as a percentage of total receipts has risen from 60% to over 80%. This is directly attributed to a 20% drop in international visitors, nearly 4 million per year, mostly from the United States.

Our goal in Canada is to meet the 5% annual global growth rate in tourism. This would result in 652,000 additional visitors, 2,282,000 additional room nights representing \$294 million in new hotel revenue.

The United States economy has rebounded, currency is at a premium to the Canadian dollar, passport ownership has doubled and total outbound travel by Americans is up 7%. Despite all this encouraging news, Canada only experienced a 2% increase in visitors last year from the United States. Canada must reconnect with the United States. The conditions are right to enter their re-invigorated leisure market.

Now is the time for the Government of Canada to commit to “Connecting America”, the public private initiative to drive leisure in-bound travel from the United States. “Connecting America” is a coordinated campaign to reconnect with the United States travel consumer, leading up to Canada’s 150th Anniversary in 2017.

“Connecting America” is not a request for a subsidy. It is a \$35 million federal co-investment per year for three years. It is a partnership proposal for a modestly priced, high impact venture that will guide significant returns to Canadians in the form of job creation particularly youth employment, wealth generation and government tax revenues.

Recommendations and the Canadian Lodging Industry’s Ask

1. The lodging industry requires a permanent solution to the labour shortage crisis in hotels, motels and resorts. The Hotel Association of Canada is calling upon the federal government for their support in the implementation of the national strategy of the Hotel & Lodging Industry Worker Program.
2. Globally tourism is growing at a rate of 5% while Canada is trailing at 1.7%. To reach the global growth rate and to move away from Canada’s dependency on the domestic market, the Hotel Association of Canada is calling on the federal government to support “Connecting America.

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