



August 6, 2014

2014 TIABC Federal Pre-Budget Submission

Executive Summary

The Tourism Industry Association of British Columbia (TIABC) is pleased to participate in the Standing Committee on Finance's 2014 National Pre-Budget Consultations. TIABC's two recommendations support the work of our partners at the Tourism Industry Association of Canada (TIAC).

One of the primary roles that TIABC plays is to be an advocate for the tourism industry in British Columbia. This work is done in partnership with our provincial tourism business stakeholders and other organizations such as the Tourism Industry Association of Canada (TIAC). In our view, advocacy is about anticipating an opportunity early on and creating collaborative dialogue to have a favourable impact upon the decision. TIABC is seeking Parliament's support in developing policy, regulatory and investment decisions that will deliver real economic benefits to every region of our province.

Tourism is economically important to every community in BC. In 2012, the British Columbia tourism industry generated \$13.5 billion in revenue, an increase of 2.5% over 2010 and a 40.5% increase from 2002. In order to ensure a continuation of this upward trend, and to ensure a continued positive economic impact, there are issues to be addressed.

Travel and tourism is among the highest performing sectors of the global economy, growing at an annual rate of 5%. But Canada is falling behind. According to TIAC, by just matching this 5% growth rate Canada will generate \$600 million more in total receipts, \$80 million in additional federal tax revenue while creating 4,500 more jobs, including 2,200 jobs for youth.

TIABC's focus is on provincial matters, but our partners and stakeholders have businesses that are affected by Federal and international decisions. We support our partners and wish to propose two recommendations:

- Connecting America Co-investment
- Modernization of travel documentation

Connecting America Co-investment

Since 2002, Canada has become over-dependent 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 attributable to a 20% drop in international visitors--nearly 4 million per year--mostly from the United States.

In British Columbia, we have seen modest growth in U.S. tourist visits to BC at +5% over the past year. While this growth is encouraging, it is lagging well behind visits from international travellers. British Columbia is proud of its tourism diversity and has many unique and magical tourism experiences to share with visitors. From the charm of Victoria, to the wide array of wineries in the Okanagan Valley; the majestic beauty of Whistler-Blackcomb and Vancouver, an international gateway destination, we rely very heavily on visitors from the U.S.

The intuitive notion that travel drives trade was recently quantified by Deloitte whose econometric review found that every one percent increase in international arrivals to Canada stimulates over \$800M in broader exports with our trading partners. A 5% increase in international arrivals to Canada -- matching the global average-- would reduce Canada's current \$62 billion trade deficit by \$3-4 billion in export activity.

The Canadian Tourism Commission and its investment partners are doing an effective job of generating demand in Canada's traditional and emerging markets. ***Under no circumstances is the industry suggesting that funds be diverted from existing markets into the US.*** *Connecting America* seeks to augment, not divert, existing in-market investments.

The conditions are right to enter the re-invigorated US leisure market; the economy is rebounding, US currency is at a premium to the Canadian dollar, passport ownership has doubled, total outbound travel by Americans is up 7%, with travel to Europe up 16%. Despite all of this encouraging news, Canada only experienced a 2% bump from the US. Clearly Canada needs to do more to be a top-of-mind destination option.

Connecting America is not a request for subsidy. It is a partnership proposal for a modestly-priced, high-impact venture that will yield significant returns to Canadians in the form of job creation-particularly youth employment, wealth generation and government tax revenues.

Recommendation 1

That the federal government partner with the travel and tourism industry in *Connecting America*, an unprecedented strategically-aligned marketing initiative to drive US leisure demand for tourism vacation product across Canada.

Modernization of Travel Documentation

TIABC and its members fully support Pacific NorthWest Economic Region (PNWER) as they pursue the principle of a Two Nation Vacation and urge both Canadian and US governments to take the necessary steps to simplify the visa process, making it easier for travelers seeking a vacation both in Canada and the United States. Tourism is becoming more competitive globally and our association believes it should

not be a question of Canada vs. the United States when competing for that global tourist; it should be United States and Canada.

As an example, a simplified visa process would allow a traveller to enter North America in Vancouver, travel to Victoria and then on to Seattle with ease of crossing the border under a simplified visa process. The ultimate goal is to attract the globally savvy vacation traveler to spend more time between our two great countries vs. visiting other global destinations.

TIABC also supports TIAC's work with Citizenship & Immigration Canada on the modernization process to ensure the swift implementation of a fair electronic travel authorization process that will help address the current requirement for visas in key markets, in particular, key trading partners in the Americas.

Like TIAC, we would like to acknowledge the progress made by the government in the rollout of the CAN+ visa processing programs for Mexico and India. We encourage Minister Alexander to expand this great program to Canada's key tourism source markets around the world.

The government will be launching the Electronic Travel Authorization (eTA) program in 2015. TIABC supports TIAC as they remain engaged to maximize the eTA program's efficiencies in traveller facilitation and minimize compliance burden. The eTA, in concert with improved technology and efficiency, could serve to replace visa requirements for legitimate travellers from key source markets.

Recommendation 2

- i) Ensure new eTA rules help, not hinder, traveller facilitation.**
- ii) Continue efforts to modernize Canada's visa system, including utilizing transfer without visas at major hub airports in order to enable Canada to become an international aviation hub, and encouraging two-nation vacations.**
- iii)**

The Tourism Industry Association of BC (TIABC) advocates for the interests of British Columbia's \$13 billion+ tourism economy. As a not-for-profit trade association, TIABC works collaboratively with its members - private sector tourism businesses, industry associations and destination marketing organizations - to ensure the best working environment for a competitive tourism industry.