

**Tourism Industry Association of Canada: Submission to House  
of Commons Finance Committee April 2014  
Submitted by David Goldstein, President and CEO, TIAC**

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Travel and tourism is a vibrant \$84 billion industry and is Canada's largest service export. The sector is also one of the country's leading job creators, and with half of our workforce below the age of 35, we are Canada's largest youth employer. Travel and tourism jobs range from small business owners to well-paying management positions to crucial first time job experience for youth.

### **Quick Facts on Youth Employment in Tourism**

- Over 200 000 15-24 year olds are employed in travel and tourism
- The proportion of 15-24 year olds in the travel and tourism workforce (33%) is double that of the overall workforce (15%)
- Travel and tourism jobs for youth support education: with many well-paying positions, 71% of 15-24 year olds employed part time or seasonally in tourism are in school.<sup>1</sup>

### **The Truth About Travel and Tourism Jobs**

There is a misconception among decision makers that travel and tourism jobs are low quality, "dead-end" jobs. In addition to the Canadian data supporting a strong student-travel employment connection, American research suggests that the maximum average salary achieved by those who started out in tourism was higher than the general labour market and only second to the financial sector.<sup>2</sup> TIAC is presently conducting a similar study for Canada.

### **Overreliance on the Domestic Market**

With every additional \$135 000 in spending creating a new job, a healthy travel and tourism industry clearly has positive impacts on Canada's youth employment. However, Canada is increasingly relying on the domestic market while missing out on the major growth potential in international travel and tourism.

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<sup>1</sup> CTHRC, Youth (Aged 15 to 24 Years) Employed in Tourism, Labour Profile.

<sup>2</sup> US Travel Association, Fast Forward: Travel Creates Opportunities and Launches Careers, P.7

Currently, 80% of travel revenue is derived from Canadians travelling within Canada, up from 65% just a decade ago.<sup>3</sup> However, our overreliance on the domestic market is at risk as Brand USA and other countries' tourism marketing boards are significantly increasing their marketing investments to lure the lucrative Canadian traveller abroad.

At 5% growth per year, global travel and tourism is a high potential sector but Canada is lagging behind with increased visitation of only 1.5%. Simply keeping pace with the global growth of 5% in 2012 would have meant<sup>4</sup>:

- 4,538 jobs (2 269 for youth)
- \$613 million more in overall spending,
- \$80 million more in federal revenue

In 2013, Canada growth in international visitation was 1.5%, or one third of the global average. While global demand for Canadian experiences remains strong, public policies such as visa processing and aviation cost structure serve to impede access to Canada thereby Canada's competitiveness.

Forgone revenues as a result of not keeping up with the global average reach beyond the sector. A recent Deloitte report noted that 1% increase in international visitation will result in an additional \$817 million in general trade. Had Canada kept up with global growth of 5%, this would result in over \$4 billion in trade driving business development and job creation.<sup>5</sup>

TIAC continues to address many of these issues through the Federal Tourism Strategy and through our ongoing research initiatives. We will be releasing a suite of policy papers that detail recommendations including those on marketing funding, visa policies, and accommodations investments. A brief summary of our recommendations can be found at the end of this submission.

### **Targeting the American Market to Reach 5% Growth**

With three times more American visitors than overseas visitors, we are advocating a new proposal "Connecting America" a government/industry funded campaign for the U.S.

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<sup>3</sup> CTC, Tourism Snapshot: 2012 Year-in-Review.

<sup>4</sup> UNWTO World Tourism Barometer 2013.

<sup>5</sup> Deloitte, Passport to Growth: How International arrivals stimulate Canadian exports, 2013.

market. Since 2002, Canada has lost almost 3.5 million overnight visits annually from the US.<sup>6</sup> In 2012, the loss of these American travelers costs Canada about 14 000 jobs – 7 000 for Canadians under 35.<sup>7</sup> This was in part due to factors like currency exchange, new passport rules and long border lines. Canada does not presently engaged in US leisure at the national level.

Fortunately, many of the structural barriers facing the US market have lifted, making this an ideal time to re-enter the US market. Our currency is stabilizing below par, US passport ownership has doubled, now sitting at over 120 million passport holders, the border is thinning and we have open air access links. The American economy is rebounding, and US outbound travel to overseas destinations is up by over 5%.<sup>8</sup>

### **About the Tourism Industry Association of Canada**

Tourism Industry Association of Canada, represents the full cross-section of Canada's travel and tourism sector, including transportation, accommodations, destinations and attractions. TIAC advocacy efforts seek to increase the global competitiveness of Canada's travel and tourism industry can maximize its contribution to economic growth and job creation. **Recommendations to Grow Travel and Tourism by 5% and Employ More Youth**

- Support TIAC's Connecting America Proposal
  - Industry-Government co-investment for US marketing Campaign for \$35 million/year for 3 years
- Meet and surpass global; best practices in visitor facilitation including modernization of Canada's visitor visa processing and Adopt a 21<sup>st</sup> Century aviation policy that ceases to undermine Canadian competitiveness in all export sectors including travel and tourism through the off- loading of operational and security costs to the travelling public.

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<sup>6</sup> Statcan, One or more nights trips by non-residents to Canada, 2002- 2013 (year to date).

<sup>7</sup> Based on 2012 US spend per trip of \$532.90 and CTC jobs multiplier of one new job per \$134,130 more in spending.

<sup>8</sup> ITA, Office of Travel and Tourism Industries, "2012 Outbound Analysis."