

## Charlotte Bell Presentation at FINA Feb 17, 2016

Mr. Chair, members of the committee, good evening.

Thank you for the opportunity for TIAC to participate in this important dialogue.

Travel and tourism is an \$88.5 billion industry. It's Canada's largest service export sector, generating \$17 billion of annual export revenue.

It is an economic driver and significant job creator in every riding across Canada. We employ more than 600,000 people, and the largest employer of Canadians under the age of 25.

But there are a number of factors that undermine our international competitiveness. We've circulated a brief underscoring the factors that contribute to tourism's under-performance.

Tonight I'll focus my remarks on the need to increase international tourism marketing through Destination Canada.

You may be thinking to yourselves that tourism is one industry that's doing just fine – that the low dollar is taking care of the sector.

What the low dollar will do is keep Canadians at home this summer. While domestic tourism is vitally important to the economy, we've has grown over-reliant on this segment.

Currently 80% of travel revenue is derived from Canadians travelling within Canada. This is up from 65% just a decade ago.

While a low Canadian dollar is good for exports, we operate in a global marketplace where we compete with countries who invest

significantly more in marketing than we do. And it shows.

Globally, travel and tourism is one of the fastest growing economic sectors surpassing \$1.5 trillion in revenues. Our share is only 1.5% of that growing pie.

We need to grow international visitation. That's what generates the export revenue that drives investment, economic stimulation and job growth in our sector.

Our largest key market is the U.S. – so let's focus there for a moment.

Canadians are very conscious of the value of their currency. It's the topic of almost as many Tim Horton's conversations as the weather.

But the vast majority of Americans are unaware of currency exchange. They base their travel decisions on value. Travel options are advertised to Americans in US dollars. The effectiveness of the advertising campaign and the value proposition is what attracts them.

Canada has not had a significant marketing presence in the U.S. for 5 years. Last year TIAC requested \$35 million annually to re-enter the US leisure market and received \$10 million / year

While grateful for the investment, it falls far short of our request, further compounded by the 30% loss of buying power in the US through currency exchange.

Since 2002 Canada has fallen from 8<sup>th</sup> to 17<sup>th</sup> in the world in terms of visitation, while our marketing budget has dropped from \$98 million to \$58 million and shedding 4 million international visitors a year. Market conditions are now optimal to drive demand.

National tourism brand advertising is not only an effective way of promoting tourism, it's a powerful vehicle to communicate a country's values, including quality of life, cultural diversity and environmental stewardship.

Advertisements depicting Canada's magnificent geography, cultural diversity and modern cities will not only drive visitation to Canada but go a long way to setting straight the global impression of Canada as a leading progressive nation.

The travel and tourism sector is experiencing optimal market conditions when other sectors are struggling with global commodity prices. . Increased advertising in key source markets will generate significant return within the same fiscal year... at a time when government revenues and cash flow are vitally important.

TIAC is asking for Destination Canada's marketing budget to be increased to \$150 million. In 2001, the budget was \$98 million, when Canada's visitation levels were highest. That converts to \$127 million in today's dollars. We believe that this amount should be increased to \$150 million to compensate for the loss of buying power in key markets attributed to currency exchange.

Mr. Chair, members of the committee, the low dollar should not be seen as a solution to the tourism industry – it's an investment opportunity not to be missed.

On behalf of Canada's travel and tourism businesses I thank you for the opportunity to participate in the pre-budget consultation process and I look forward to your questions.