

Alberta's Visitor Economy: A New Path Forward
January 15, 2019



Introduction

Alberta's visitor economy is a largely untapped investment opportunity. Tourism continues to be a sustainable contributor to youth employment and source of new business start-ups in rural and urban communities. The direct, indirect and induced impacts from tourism not only benefit hotels, restaurants and tour operators, but also positively impacts wholesalers, food manufacturers, equipment suppliers and others.

This document is provided by the Banff & Lake Louise Hospitality Association and Banff & Lake Louise Tourism to support a discussion for an expanded Alberta visitor economy and to present some thoughts about how this might be achieved. The opinions presented herein are offered as a non-partisan vision of how Alberta's visitor economy might be further nurtured through new, or expanded policy choices.

Tourism – Canada's Largest Service Export Industry

Tourism is currently one of the world's fastest growing sectors with the visitor economy contributing more to global gross domestic product than the aggregate efforts of the construction, mining and banking industries. In 2018, the world visitor economy grew by 4.2 per cent and accounted for 21.7% of global service exportsⁱ.

Tourism plays a key role in Alberta's economic activity, job creation, export revenue and domestic revenues. This is a \$8.5 billion industry that generates over \$4 billion each year in tax revenue and employs over 127,000 Albertans, most of whom are entrepreneurs and small business owners.

Unlike any other sector, tourism and the visitor economy impacts virtually every industry in the province from the connected relationship airlines, hotels, tour and attraction and restaurants share to the vertical integration that occurs among agricultural producers, food manufacturers and the craft beer industry. It could be said, "Tourism, its everywhere."

Alberta Strategic Tourism Policy Framework

Tourism Sustainability as a Guiding Principle

At the centre of Alberta's tourism strategy should be the aim to be Canada's most sustainable provider of tourism products and services. The United Nations World Tourism Organization (UNWTO) defines sustainable tourism as: "Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities."

As guidance to destinations looking to develop their tourism industry potential, the UNWTO emphasizes the importance of balancing environmental, economic and social-cultural aspects of tourism developmentⁱⁱ to ensure the sector's long-term sustainability following these three principles:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly-distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

A Pathway to Growth - Building on the Vision for Alberta's Tourism Industry

The 2013-2020 Alberta Tourism Framework (ATF) advanced a vision for a prosperous and unified Alberta tourism industry that focused on delivering authentic travel experiences. The goal was to ensure Tourism would grow to be a \$10.3B industry that impacts all regions of Alberta by 2020.

Whereas the ATF was written at a time in Alberta's history that the government could not have contemplated the factors that would lead to the erosion in resource-based economic activity and investment by 2018, there has never been a more important time in the history of the province to turn our attention toward opportunities to expand the visitor-based economy.

Instructional to these efforts is the work currently underway through the federal Advisory Council on Jobs and the Visitor Economy to 'increase Canadian tourism opportunities and competitiveness globally.' In a December, 2018, Destination Canada released a report *Unlocking the Potential of Canada's Visitor Economy*, which was intended to stimulate discussion about ways to grow Canada's tourism economy. The report illustrates that under the right policy circumstances and choices made by the private sector that international arrivals could grow by 124% over 2017 levels to approximately 47 million by 2030. Using 2017 as a base, this could translate to additional tourism export revenues of \$15B-\$25B with 110,000 to 180,000 more tourism jobs created to support demand.ⁱⁱⁱ

To achieve Alberta's fair share of this goal will require a comprehensive, whole-of-government tourism policy framework which ensures an alignment of strategic spending priorities and performance-based measures among the ministries responsible for transportation, parks and environment, culture, labour, indigenous relations and economic development and trade.

The desired policy framework will help to ensure Alberta spreads the benefits of the visitor economy, address issues of seasonality and regionality, and improve community economic resilience. Long-term strategies and policies focused on promoting quality employment and job creation, skills development, entrepreneurship, innovation, effective investment, and integrated regional development, are integral to achieving sustainable and inclusive tourism growth—growth that considers current and future economic, social and environmental impacts, and addresses the needs of Albertans, visitors, the industry, the environment and host communities.

The Banff & Lake Louise Hospitality Association and Banff & Lake Louise Tourism tender the following strategic policy recommendations for consideration:

PRODUCT DEVELOPMENT

Core to our strategy is helping incubate new products and experiences in our destination (eg. Indigenous and nature-based tourism opportunities.) Travel Alberta has been a national leader in funding coaching and product development workshops to help expedite the product development cycle and get businesses to launch faster.

- Create a database of tourism product and service development opportunities and facilitate a match-making service where those with investment capital and a desire to invest in Alberta's tourism economy are introduced to *pre-screened* Alberta's entrepreneurs.
- Collaborate with the department of Environment & Parks (and others) in the identification of crown lands that are available for tourism development with publicly available policy guidelines which clarify lands that are suitable for nature, recreation and built-tourism infrastructure opportunities.
- To support the aims of tourism businesses and investors, ensure future tourism development opportunities identified for different regions of the province are aligned to Canada's conservation goals for protected areas (Target 1 objectives^{iv}).
- To help foster a culture of risk-taking and investment in Alberta tourism product, ensure lease terms for development on crown land are commensurate with the risks involved and the timeframes required to earn a return on capital invested (eg. compare to current practices found in national park communities.)
- To support greater tourism product development and investment in Alberta, ensure programs such as the Alberta Capital Investment Tax Credit and Alberta Investor Tax Credit are actively promoted as part of Alberta's tourism investment culture.
- Through government appropriations, create a Tourism Infrastructure Fund for public infrastructure renewal, making funds available to those communities or regions that present a solid business case to grow new, or innovative, tourism jobs and small businesses (follow a ROI model)
- Leveraging Alberta's educated population base and business-friendly investment climate, aggressively promote opportunities to invest in Alberta's visitor economy through the province's network of international trade offices.
- Work with BRZs, Community Futures, Chambers of Commerce and others to encourage the creation and growth of tourism businesses, stimulate innovative product development, generate quality employment, support local communities and integrate entrepreneurs and SMEs into the expansion of Alberta's tourism services export sector.

ACCESS

Predictable, affordable and seamless ways of connecting travelers to Alberta's tourism experiences and service providers is key to improving our competitiveness and the further expansion of the visitor economy.

- Ensure provincial laws and regulations facilitate fair competition amongst all providers of accommodations within Alberta, including a strategy to ensure those businesses in the sharing economy contribute toward Alberta's tourism economy.
- To capitalize on the partnership development opportunities that exist with Indigenous communities^v, facilitate regional business development, training and educational opportunities between Indigenous Tourism Alberta, chambers of commerce, DMOs, and private and community sector businesses and organizations.
- Ensure resort municipalities are provided with the policy tools required to respond to the unique challenges associated with servicing their large, visitor-adjusted populations.
- Working with industry, post-secondary institutions and tourism sector champions, develop a compelling Life-Long Careers in Tourism campaign that promotes the variety of tourism and culinary career paths that exist.
- Recognizing that Canada's tourism sector revenues could rise from nearly \$187B in 2015 to over \$287B in 2035^{vi} if current structural labour issues are addressed, undertake a study^{vii} to quantify the amount of foregone tourism revenue as a result of our structural labour shortages within the sector.
- Align industry expectations with curriculum offerings at Alberta post-secondary institutions and training facilities to ensure we have the skilled workers to drive the industry's growth.
- Ensure tourism and hospitality training programs support the unemployed, or under-employed, to transition to new careers within Alberta's visitor economy.
- Specific labour policy recommendations BLLHA & BLLT would like to see addressed following the 2019 provincial election include:
 - reinstatement the employer-sponsored AINP stream;
 - introduction of a Youth Minimum Wage differential;
 - reinstatement of the liquor server differential; and,
 - creation of micro economic regions to better enable communities with ongoing, structural labour shortages to meet their needs through access to foreign labour markets.
- Work with the federal government and airport authorities to expand air transport agreements and get more flights to Alberta from key destinations.

- To ensure the future competitiveness of Alberta tourism products and services, align efforts with provincial and federal government leaders to ensure Canada’s tourism industry becomes a zero-rated export product^{viii}.
- Expand existing transportation infrastructure and/or construct new infrastructure to better facilitate the movement of visitors and investment of capital in Alberta trade corridors with the greatest growth potential.

MARKETING

Without a significant, sustainable funding commitment to market Alberta’s tourism product and services that is scaled to the efforts of our international competitors, the province will lose ground to other destinations in the future.

- Direct Alberta Tourism Levy (ATL) funds toward the departments responsible for tourism development and promotion (i.e. Department of Culture and Tourism and Travel Alberta) on a predictive basis following the guidelines established in the Tourism Levy Act, and the accompanying memorandum of understanding.
- Ensure long-term growth of the tourism sector by directing future investment returns earned through the ATL toward product development and promotion efforts.

RESEARCH

Alberta would benefit tremendously from an investment in tourism research and statistical analysis that supports the social, economic and environmental benefits that can flow from the visitor economy.

- On an annual basis, the department of Culture & Tourism should bring together key leaders from the private and public sector to identify and prioritize performance-based research initiatives that could benefit the whole of Alberta’s tourism economy.
- Identify the types of data sets that would be required from within the tourism sector to design/produce a tourism performance dashboard that describes the economic benefits derived tourism by region of the province.
- Following the federal government commitment to improved data collection through Statistics Canada, commit to long-term funding supports for data collection and analysis that can support future policy choices for the Alberta tourism industry.

Recommendations Leading Up to the 2019 Provincial Election

1. Present a vision of the long-term opportunities for economic diversification and growth that could accrue to Alberta's visitor economy through a whole-of-government response to planning.
2. Ensure discussions with the Alberta electorate include the opportunities to grow the province's economy through tourism.
3. Prepare a business case that demonstrates whether there would be increased economic opportunities for Tourism if the ministry were re-associated with the ministry of Economic Development & Trade.

ⁱ OECD Tourism Trends and Policies, 2018

ⁱⁱ UNWTO, Measuring Sustainable Tourism, www.statistics.unwto.org

ⁱⁱⁱ Unlocking the Potential of Canada's Visitor Economy, December, 2018

^{iv} Canada's Biodiversity Strategy, United Nations Convention on Biological Diversity - www.biodivcanada.dhm-cbd.net

^v Indigenous Tourism Alberta Strategy, 2019-2023, Strengthening Alberta's Indigenous Tourism Industry

^{vi} Tourism HR Canada, Tourism Labour Highlights

^{vii} BC Tourism Labour Shortage Economic Impact Study, Summary Report, May, 2016

^{viii} TIAC, Travel Industry Priorities 2018-2019, Pre-Budget Submission, August 2017