

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Nunavut Tourism

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Canada's tourism industry is an important part of this strategy and, if supported effectively, can further contribute to the sustained recovery and enhanced growth of Canada's economy. In 2011 the Canadian tourism industry was worth \$78.8 billion and comprised mostly small and medium enterprises. Entrepreneurs from all regions bring a breadth to the tourism industry that helps diversify the economy and create jobs across the country. Generating \$15 billion in exports a year, the industry contributes to Canada's growing reputation as a powerful player in international trade. Despite the international economic downturn, the tourism market is booming and is expected to reach \$1 trillion in 2012. The growth of this market has created tremendous economic opportunities. This is especially true in Nunavut. Tourism is an activity that all communities in the territory can participate in. Each has something unique to bring to the table. While other countries are investing aggressively in tourism marketing, core funding for the national marketing organization, the Canadian Tourism Commission (CTC) has dropped year-over-year. At a time when other countries are increasing their spending this causes Canada not to be competitive. And with the USA launching a national tourism organization for the first time we cannot stand by and fall further behind. Small jurisdictions like Nunavut need the CTC to be our international voice and be competitive on the international scene. We cannot do it alone.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

This private sector economic workhorse spans all regions of the country, four seasons and employs everyone from marketing and finance executives and entrepreneurs to part time jobs for young Canadians and semi-retired workers. While other sectors of the global economy are suffering, the world tourism market is exploding. In 2011, 940 million travelled internationally spending \$1 trillion – an increase of 3.9% from the previous year that shows no signs of stopping. Tourism is especially well-positioned to take advantage of economic boom-times. By funding the CTC to market Canada effectively, we can capture more of that revenue and lead to more jobs. Tourism opportunities can create jobs in Nunavut that can supplement a traditional lifestyle, something important to the culture and integrity of the region. These jobs provide an opportunity for many who otherwise would not be in the "workforce".

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

In addition to creating jobs at all levels and across the country, tourism attracts international visitors who consume goods and services and pay value-added taxes – without putting pressure on social programs or other government benefits. In 2010, foreign visitors accounted for approximately 120 million person nights in Canada. This is the equivalent of adding almost 325,000 additional “super consumers” in the Canadian economy, roughly the population of Windsor, ON. In essence, tourism spending creates government revenue that will support programs for the country’s aging population. Tourism in Nunavut also provides employment opportunities for elders in cultural programming and the arts that enable them to remain self sufficient and a vital part of the community. This is relevant in many parts of the country, not just Nunavut.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada’s population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

The Canadian tourism sector is far-reaching and economically diverse, enabling it to contribute to productivity while meeting market challenges presented by an aging population. Not only is the tourism industry one of Canada’s leading job creators, those jobs span the geographic, skill set and seasonal conditions of the country. The industry also presents great opportunities to increase productivity as the global tourism market is booming and is expected to reach \$1 trillion in 2012. However, without marketing support, the Canadian tourism industry will have difficulty staying competitive. Many other countries are investing heavily in their national tourism marketing organizations and reaping the benefit from increased international arrivals. For example, the United States’ new marketing organization, Brand U.S.A. will operate with an estimated budget of \$200 million with a large portion earmarked for the Canadian market. Not only is the U.S. creating competition for inbound markets targeted by Canada but, by targeting Canadians, is also endangering our domestic market. The tourism industry needs a strong national marketing campaign to be competitive. Research has consistently demonstrated that travellers choose “Canada” first, and then subsequently decide on province, region or specific destination. The CTC’s marketing campaigns have proven results, and the key going forward is to provide the money national tourism marketers need to operate in more of our key inbound markets.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Tourism enterprises in Canada are being stifled by taxes and red tape diminishing their ability to create jobs and attract investments. Trying to remain competitive in a global market is challenging with the level of taxes and the taxes imposed on tourist by the federal government (GST, etc.). The Federal government needs to realize that to be competitive with other destinations Canada has to not only have great culture and scenery, but also be economically friendly for visitors. In the age of internet people chose where to go and as research tells them of challenges or taxes in this case, they can easily choose to go elsewhere.