

To:	Chair Siegwart and members of Tourism Advisory Committee
Committee Date:	July 24, 2019
Subject / Report No:	CAOR-TAC-10-19
Title:	Federal Tourism Growth Strategy
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Reviewed by:	Kim Wingrove
Lower Tier(s) Affected:	
Status:	Recommendation adopted by Tourism Advisory Committee as presented as per Resolution <i>TAC06-19</i> ; Adopted by Committee of the Whole on August 8, 2019 as per Resolution <i>CW166-19</i> ;

Recommendation

1. That Report **CAOR-TAC-10-19 Federal Tourism Growth Strategy** be received for information

Executive Summary

Creating Middle Class Jobs: A Federal Tourism Growth Strategy sets out a new approach to grow Canada's visitor economy. It recognizes that international tourism is a vital contributor to the country's prosperity, generating \$102 billion in annual economic activity, and accounting for over 2% of GDP. Tourism accounts for 1.8 million jobs, with 56% of these jobs in rural Canada.

At the core of the strategy are three initiatives to catalyze the tourism sector: a new \$58.5 million Canadian Experiences program to empower communities to create distinctive experiences and attractions that play to their strengths, regardless of location or season; Tourism Investment Groups in each region to optimize public funding and attract private capital for destination development; and an Economic Strategy Table for Tourism, bringing government and industry leaders together, positioning the sector to progress to a higher level of performance.

A key focus of this strategy is enticing tourists to visit less-known parts of the country and during the winter and shoulder seasons.

Background and Discussion

The Federal government released [“Creating Middle Class Jobs: A Federal Tourism Growth Strategy”](#) in May 2019, with a focus on building tourism outside of major cities and in non-peak seasons.

Tourism in Canada

- Tourism is a pillar of the Canadian economy, generating \$102 billion in annual economic activity, 1.8 million jobs and accounting for over 2% of GDP.
- Tourism is Canada’s largest service export, valued at over \$22 billion in 2018.
- 56% of tourism jobs are in rural Canada; the sector’s footprint is virtually everywhere!
- The tourism industry provides first time jobs for young people and new Canadians. It is also increasingly an avenue for seniors interested in stimulating, people-oriented part-time work.
- Canada has built a powerful national brand, consistently ranking among the best countries on earth, with the highest quality of life, and topping the charts for happiness and inclusiveness.
- Canada’s cities and smaller towns/communities offer their own singular experiences and attractions.
- On a global level these communities are also gateways to our famous national parks, heritage sites and the country’s vast iconic wilderness.

Creating Middle Class Jobs: A Federal Tourism Growth Strategy commits to:

- 1) Stimulate and diversify Canada’s tourism products and experiences;
- 2) Adopt a collaborative public-private sector model for tourism investment; and
- 3) Raise the profile and sustainable performance of Canada’s tourism sector as a key economic driver through federal leadership.

What the Government Has Done for Tourism

- Increasing and stabilizing funding at \$95 million for Destination Canada, the Crown corporation that markets Canada abroad as a tourism destination.
- The government also earmarked \$5 million in Budget 2019 to encourage Canadians to discover more of their own country, helping grow tourism in our rural regions and cultivating a generation of ambassadors to greet visitors from around the world.

- In December 2018, Destination Canada published [*Unlocking the Potential of Canada's Visitor Economy*](#), a collaboration with McKinsey & Company. The report clearly describes the state of the industry—its performance relative to international peers, its major challenges and its strong potential for growth and diversification—together with recommendations on how to significantly advance the sector as a key economic driver.

Destination Canada Study: Canada's Big Opportunity

With international travel growing fast, the recent Destination Canada study found that with the right policies and investments, Canada's visitor economy has the potential to generate up to \$25 billion in tourism export growth and upwards of 180,000 new jobs by 2030.

The report, however, clearly identifies five long-standing challenges where progress is needed for this potential to be realized.

- 1) Concentration of demand – international visitors travel only to Canada's largest provinces (Ontario, British Columbia and Quebec – and to their biggest cities: Toronto, Vancouver and Montreal). Drawing visitors beyond the big cities remains a challenge for regions. Demand is also highly seasonal, with most visits to Canada taking place in the summer.
- 2) Access is a second issue; making travel more convenient and affordable is a constant concern. Focus is needed on upgrading urban infrastructure and working with the private sector towards providing better services to smaller centres and low-cost travel options.
- 3) Labour and skills shortages are a third area requiring attention. While not unique to the tourism sector, and shared by other countries, jobs remain vacant in some regions, often due to their seasonal nature. Tourism is not always top-of-mind career choice, though its potential as a rewarding and stable career is being increasingly appreciated.
- 4) The challenge of availability of domestic and international investment, especially buildings i.e. building hotels and convention capacity in major cities, and resorts and boutique facilities in smaller communities and rural areas.
- 5) The weak integration of the sector's many stakeholders and their activities. Canada's tourism sector is fragmented. The path to growth requires greater coordination and coherence of public and private sector actions, stronger governance mechanism, and leadership at the national level focused on long term results.

Federal Tourism Growth Strategy Recommendations

The Federal Strategy builds off three pillars focused on growing the visitor economy over the short, medium and long term.

Pillar 1) Building Tourism in Canada's Communities

To attract more tourists to our communities, we need to expand our distinctive product lines and develop more unique attractions in all regions. To grow and benefit from tourism, communities must exploit and develop the characteristics that make them special. In so doing, they will be better able to convince tourists to get off the beaten path, explore the lesser-known parts of the country, and to visit during the off-peak seasons.

Budget 2019 announced the Canadian Experiences Fund, the first major step in this strategy: a \$58.5 million investment in enhancing the products and experiences Canada offers to tourists. It is focused on products and experiences that play to communities' strengths, elevate local revenues, and disperse international visitors beyond the usual destinations and the summer season. The Canadian Experiences Fund has five key product lines for investment:

Winter and shoulder-season tourism

While Canada is known for its winters, spectacular fall colors and rugged northern landscapes, peak season remains the summer months. We have to do more in order to draw more international tourists to our white gold, so they come here to ski, compete in hockey tournaments, snowshoe and snowmobile. By investing in winter and shoulder season offerings, the Canadian Experiences Fund will strengthen an advantage for which Canada is already well known, while providing more reasons to visit in the off-peak seasons.

Indigenous tourism

The history and contributions of Indigenous Peoples are deeply embedded in Canada's identity. Very few countries have the authentic cultural experiences that Indigenous Peoples here willingly share with visitors. The Canadian Experiences Fund will help Indigenous Peoples present their histories, traditional stories, creative arts and contemporary values to the world, while creating new economic opportunities.

Rural and remote tourism

Canada is a country of large spaces and breathtaking nature. The Canadian Experiences Fund will prioritize investments in rural and remote areas to create middle class jobs and new economic opportunities in communities, and to entice tourists to lesser known parts of the country. Consistent with the aims of the Rural Economic

Development Strategy, this will help rural communities build on their strengths to transition to a more diverse economy through strategic planning. The Canadian Experiences Fund will help develop attractions outside major cities as well as the facilities and services to support tourism. The new fund will also offer assistance for sustainable and accessible development planning, community beautification projects, adventure tourism, eco-tourism and agri-tourism.

Farm-to-Table/Sea-to-Table and Culinary tourism

80% of international travellers choose their destinations partly based on gastronomy. While Canada is a great place to eat, meet and sample local wines and craft beers, only 20% of our visitors come here for such pleasures. Canadians might take for granted the fact that our cultural and regional diversity means we offer spectacular world-class cuisine. To capitalize on this, the Canadian Experiences Fund will prioritize investments in projects like culinary trails, Indigenous culinary experiences, food festivals and farmers' markets, as well as onsite experience development such as breweries, wineries, farms, fisheries and maple syrup producers.

Inclusive tourism

Canada is built around shared values of diversity, equity, optimism and personal security. These values are especially well aligned with the LGBTQ2 community, for whom safety and acceptance still rank high when choosing a travel destination. What's more, research shows that LGBTQ2 travellers vacation more frequently and are prepared to spend more than other travellers, and return to places where they had good experiences. As a progressive country, Canada has a competitive advantage, and Canada was recently named as a top LGBTQ2-friendly destination (*Lonely Planet, Huffington Post*). The Canadian Experiences Fund will prioritize investments in LGBTQ2 tourism. Among supported projects, we will expand LGBTQ2 Diversity Training and Market Readiness programs in order to provide safe and respectful sites that everyone can enjoy across Canada.

Pillar 2 — Attracting Investment to the Visitor Economy

Working Better Together

Canada's tourism sector suffers from a lack of investment. All levels of government have a role to play in tourism. But a lack of coordination means governments are not having as big an impact as they could. To improve coordination among jurisdictions and help attract private investment into the sector, this strategy will establish Tourism Investment Groups in every region of Canada to enable the development of impactful tourism projects, including large scale destination projects.

Federal Partners

Within the federal government alone, several departments and agencies have key roles in tourism. Parks Canada is a major tourism asset owner with 46 national parks, 171 national historic sites, 4 national marine conservation areas, and a national urban park. Destination Canada markets and promotes Canada to the world as a tourism destination. Canadian Heritage supports concerts, festivals, performances and similar events, and facilities like museums, theatres and other cultural venues. The Business Development Bank of Canada provides capital for tourism entrepreneurs. The six Regional Development Agencies support tourism through community economic development. The Canada Infrastructure Bank has a mandate to bring investment to infrastructure projects that generate revenue, grow the economy and build projects in the public interest. They could consider, and have considered, projects in tourism.

Alignment with the Provinces and Territories

The federal government will work through the Tourism Investment Groups to become a more effective partner to each of the regions, enabling promising products to be developed and ensuring that investments are coherent and congruent. The Groups will have a global market perspective, an understanding of the intra-governmental environment, a shared knowledge base and the capacity to harmonize priorities across organizations. Their objective will be to ensure a consistent approach to developing destinations regionally that enhance local community opportunities.

Provincial and territorial partners will also be invited to the table to participate in identifying opportunities and aligning investments. This new approach to collaboration will assist in developing big, impactful tourism projects.

Pillar 3 — A Renewed Focus on Public-Private Collaboration

Creating Middle Class Jobs: A Federal Tourism Growth Strategy recognizes the long-standing barriers to growing Canada's tourism sector—barriers that are not easily overcome in the short term. Stronger partnerships with industry leaders are needed to tackle those challenges over the long term. For this reason, the government has established an Economic Strategy Table for Tourism.

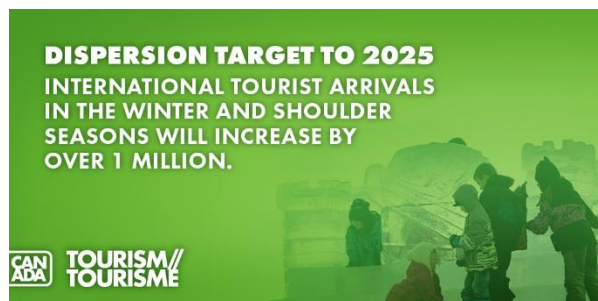
Budget 2019 formally recognized tourism as a high-growth, high-potential sector deserving its own Economic Strategy Table. As part of the Federal Tourism Growth Strategy, the new Table was launched in spring 2019. It provides a unique platform for targeted actions to stimulate and sustain growth in Canada's tourism sector. Government working collaboratively with industry in this way will ensure that tourism is on the front lines of economic policy-making, so that challenges are effectively addressed, and strategic opportunities are seized to grow the visitor economy and create good middle class jobs.

Bold Targets for an Ambitious Plan



To determine how well this strategy is performing, the government has set ambitious but achievable targets and will closely measure progress through to 2025.

A key focus of this strategy is enticing tourists to visit less-known parts of the country and during the winter and shoulder seasons. Therefore, targets for the seasonal and geographic dispersion of tourism have also been established. Seasonal dispersion is measured by the growth in international tourist arrivals from November to April. Geographic dispersion is measured by growth in spending outside Canada's top three major tourism regions (Greater Toronto Area, Montréal, and Vancouver — coast and mountains).



Legal and Legislated Requirements

There are no legal or legislative requirements.

Financial and Resource Implications

There are no financial or resource implications.

Relevant Consultation

- Internal (list)
- External (list)