

Standing Committee on Alberta's Economic Future

**Report Respecting the Presentation
Received by the Tourism Industry
Association of Alberta by the Standing
Committee on Alberta's Economic
Future on October 21, 2020**

Thirtieth Legislature
Second Session
November 2020



Standing Committee on Alberta's Economic Future

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STANDING COMMITTEE ON ALBERTA'S ECONOMIC FUTURE

November 2020

**To the Honourable Nathan Cooper
Speaker of the Legislative Assembly
of the Province of Alberta**

I have the honour of submitting, on behalf of the Standing Committee on Alberta's Economic Future, its report respecting the presentation received from the Tourism Industry Association of Alberta by the Standing Committee on Alberta's Economic Future on October 21, 2020.

Sincerely,

[original signed]

Nathan Neudorf, MLA
Chair, Standing Committee
on Alberta's Economic Future

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MEMBERS OF THE STANDING COMMITTEE ON ALBERTA'S ECONOMIC FUTURE

30th Legislature Second Session

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Devinder Toor, MLA
Calgary-Falconridge (UCP)

Substitutions on October 21, 2020, Pursuant to Standing Order 56(2.1-2.4):

Tanya Fir, MLA*
Calgary-Peigan (UCP)

Members also in Attendance on October 21, 2020:

Richard Gotfried, MLA
Calgary-Fish Creek (UCP)

Martin M. Long, MLA
West Yellowhead (UCP)

* Substitution for Nate Horner

1.0 INTRODUCTION

The Standing Committee on Alberta's Economic Future is one of three legislative policy committees appointed by the Legislative Assembly of Alberta. Standing Order 52.01(1)(b) indicates that the Committee's mandate is related to the areas of Advanced Education; Culture, Multiculturalism and Status of Women; Jobs, Economy and Innovation; Labour and Immigration; and Infrastructure. Under Standing Order 52.08(1) the Committee has the ability to hold public meetings on any matter within its mandate.

On September 23, 2020, the Standing Committee on Alberta's Economic Future received a request from the Tourism Industry Association of Alberta to make a presentation to the Committee. On October 5, 2020, the Subcommittee on Committee Business met to consider the request. The Subcommittee recommended that the Committee meet to hear from the association.

The Committee held a meeting on October 21, 2020, and received a presentation from the Tourism Industry Association of Alberta.

Pursuant to Standing Order 52.08(3) the Committee directed that a report be prepared summarizing the presentation heard by the Committee on October 21, 2020, for tabling in the Assembly and distribution to relevant Government of Alberta ministers.

52.08(3) A Legislative Policy Committee may report to a Minister or responsible public official on issues arising from a public meeting.

This report contains a summary of the presentation received by the Standing Committee on Alberta's Economic Future on October 21, 2020. This report is not intended to be a comprehensive record of the Committee's proceedings. For a complete record consult the transcripts of the Committee proceedings, including the oral presentations made to the Committee, which are available online at assembly.ab.ca.

2.0 SUMMARY OF PRESENTATION

Tourism Industry Association of Alberta

Alida Visbach, Board Chair, and Darren Reeder, Board Adviser, of the Tourism Industry Association of Alberta (TIAA) provided an overview of the TIAA, indicating that the association was created in October 2019 as a "co-ordinated provincial tourism industry voice to advance its sector's needs." Further, the TIAA believes that for the Government to fulfill "its bold vision to create a \$20 billion tourism industry by 2030" the tourism industry will need to be "working in lockstep with government." Therefore, on June 30, 2020, the TIAA released A Call for Action: Recommendations to Accelerate the Recovery, Sustainable Growth & Resilience of Alberta's Visitor Economy. The presenters believe that the recommended actions in this report will assist the tourism industry in recovering from the impact of COVID-19 and provide a path forward to achieve the Government's 2030 tourism industry vision.

The presenters discussed the tourism industry in Alberta, indicating that the industry contributed \$8.9 billion to the economy in 2017, including \$1.2 billion in tax revenue to three levels of government (federal government: \$592 million; Government of Alberta: \$387 million; and local governments: \$186 million). In discussing the state of the visitor economy (i.e., interdependent businesses such as accommodations, transportation, service stations, restaurants), they noted that tourism is one of the sectors most financially impacted by the COVID-19 pandemic. They suggested that visitor economy businesses and jobs will continue to be at risk "because of the current guidance on safety measures" and that three areas of uncertainty (health restrictions on travel and gatherings; economic conditions including lockdowns, employment, government spending, and trade; and consumer sentiment related to unemployment and disposable income) will affect future tourism demand. The presenters also provided some detail on the impact of COVID-19 on specific tourism sectors (e.g., restaurants, conferences, accommodation, sporting activities and events). They explained to the Committee that businesses in these sectors, many of which were already suffering because of the recession in the energy economy, are experiencing significant

decreases in revenues and many are accumulating debt, which could ultimately result in businesses in these sectors failing to survive.

The presenters argued that the businesses of the visitor economy are in dire need of assistance in order to survive during the pandemic and then to recover and thrive. Ms Visbach suggested some ways to assist with the short-term economic recovery of this sector. Primary among those suggestions was that the Government consider ways to support the entire provincial economy in the short term until the COVID travel and gathering restrictions are hopefully relaxed. She also talked about ensuring that Travel Alberta is sufficiently funded to ensure that it emerges from the pandemic prepared to compete for tourism spending among “aggressive marketing campaigns and financial incentives” that will be offered by many other markets in Canada and beyond to lure Albertans to those markets and undermine Alberta’s ability to attract world-class events to the province. In addition, Ms Visbach suggested improving the predictability of market access by adopting rapid COVID-19 testing protocols and discussed the importance of ensuring Alberta’s airports are viable.

In considering the long-term recovery of the visitor economy, Mr. Reeder argued “this is an opportune time to support and invest in a sector that has the potential and the power to drive the recovery, diversification, and growth of the provincial economy.” He believes that Alberta needs a holistic approach to destination management and promotion. Specifically, he explained that in the view of the TIAA, developing new regional destinations in Alberta that “deliver world-class, sustainable, and export-ready experiences to visitors” will be key to not only extending the length of visits to Alberta but also to better disperse the benefits of the visitor economy among different regions in the province. In addition, he contended that investments by the public sector will create an “infrastructure legacy that will remove known barriers to investment and stimulate the creation of new or enhanced destinations and visitor experiences and services.”

Mr. Reeder then provided an overview of the TIAA’s call to action report, which includes 40 short-, medium- and long-term recommendations categorized under the following eight themes: Support, Sustain, Fund; Open & Entice; Lead & Align; Plan & Manage; Invest & Create; Enable; Promote; Understand & Evaluate. Recommendations highlighted by Mr. Reeder include the following:

- Government financial assistance to assist the tourism sector such as providing fiscal stimulus supports for Alberta’s visitor economy businesses until they have recovered to their pre-COVID-19 productivity levels, assigning 100 per cent of Alberta tourism levy revenue to Travel Alberta to support its expanded marketing mandate and offering incentives such as travel vouchers to encourage visitor travel to Alberta and travel tax credits to encourage Alberta residents to visit other areas in Alberta and spend more while doing so.
- In an effort to rebuild and grow the tourism sector, the Government should, among other things, develop a crossministry tourism secretariat to set the stage for the accelerated recovery, growth and resiliency of the visitor economy; construct travel marketing campaigns to entice Albertans and visitors from neighbouring provinces to travel and spend within our borders and to help rebuild host community confidence; and modernize Alberta parks and relevant public lands legislation, regulations and policies to support the growth of world-class tourism experiences that motivate travel domestically but also from around the world.
- New programs should be established to grow the tourism sector, including prioritizing and developing new regional destinations and delivering sustainable, export-ready experiences.

The presenters responded to questions from the Committee regarding several of the recommendations in the Call to Action report, including questions concerning a number of issues. Regarding vouchers and tax credit stimulus the presenters contended that this type of fiscal stimulus is needed right now because many businesses will not survive the winter season without assistance. Mr. Reeder argued that “if you have a potential \$100 million commitment to fiscal stimulus in the form of travel incentives and vouchers,” which is paired with strategic marketing campaigns, “you’re going to get a multiple economic return on those dollars.” With respect to Travel Alberta being ready to compete when the tourism industry begins to

recover after the pandemic is over, Mr. Reeder believes that the worldwide tourism sector will be a “desperate and competitive field of business” and, as such, Alberta is going to need to be prepared to enter the market as a “more competitive, determined innovator in product development.” Therefore, the Government, in Mr. Reeder’s view, should “be prepared to invest in that area.” Part of that investment, according to Ms Visbach, involves increasing the amount of the Alberta tourism levy available for use by Travel Alberta. She explained to the Committee that the amount of the travel levy made available to Travel Alberta has diminished over the past several years, noting that of the \$90 million generated by the levy in 2019, only \$38 million was allocated to Travel Alberta, which, Ms Visbach suggested, is significantly less than similar allocations in other jurisdictions (e.g., city of Vancouver is allocated \$65 million from a similar type of levy).

The presenters also responded to a request for recommendations for types of immediate government assistance that preclude the use of fiscal stimulus. Mr. Reeder suggested that the Government could possibly modify some COVID restrictions such as reducing the two-metre social distancing requirement to one metre in accordance with current World Health Organization advice, which would enable businesses to accommodate more customers and events to hold more people. In addition, in Mr. Reeder’s view, Alberta’s land-use policies “have all sorts of disconnects” that cause investors uncertainty when trying to make investment decisions and unnecessary regulatory barriers exist that frustrate would-be investors. He therefore suggested improving both of these areas of concern to better facilitate investment in the tourism sector.

APPENDIX: LIST OF PRESENTERS

Individual	Organization
Alida Visbach, Board Chair	Tourism Industry Association of Alberta
Darren Reeder, Board Adviser	Tourism Industry Association of Alberta