

December 15, 2020

Hon. Doug Schweitzer, Minister of Job, Economy & Innovation  
Office of the Minister  
425 Legislature Building  
10800 – 97 Ave  
Edmonton, Alberta T5K 2B6

**RE: Incentivizing Travel to Support the Recovery of Alberta’s Visitor Economy**

Dear Minister Schweitzer:

The Tourism Industry Association of Alberta (TIAA) is hugely appreciative of the government’s commitment to further abate the collection of the Alberta Tourism Levy through to March 31, 2021, and, to quadrupling the Small to Medium-Sized Enterprise Relaunch Grant (SMERG) grants from \$5000 to a maximum \$20000, while also lowering the revenue loss threshold to 30%. We are additionally grateful that the government was mindful of the fact the latest round of health restrictions would have a negative impact on the visitor economy and that the commitment of the \$500M in enhanced SMERG funding was made at the same time the health restrictions were announced December 8<sup>th</sup>.

As the ministry already knows, stimulating travel in Q1 will be doubly difficult as we start a new year with enhanced health restrictions remaining in effect and the continued inability of international travellers to access Canadian markets. This underscores the importance of Albertans - and Albertans alone - sparking our economy back into action, when the time is right to travel within the various regions of the province.

In 2018, over \$7B was spent by Albertans on interprovincial and international travel, including trips to sun and sand vacations. This would normally represent economic leakage from Alberta; however, in this moment in time – and, certainly as health restrictions start to ease early in 2021 - it represents an opportunity to stimulate Albertans’ spending on visitor experiences in their own backyard.

TIAA believes there is an opportunity to summon Albertans’ full attention to help shock our economy back to life and that under the right program conditions, the citizens of this province could be motivated to travel – and spend – within their province at a much higher rate than the average \$157/visit currently expended.

Throughout the pandemic crisis, TIAA has stated that we must set the table for our economic recovery by introducing a \$200/delegate Alberta Travel Voucher program (to incentivize the rebooking of business events, meetings and conventions), and, that we further create a minimum \$200/household travel tax credit, or rebate, for travel within Alberta by residents that is at least 40km (one way) from their primary place of residence. The intent of this letter is to focus on the latter point.

There have been many examples of how other countries have sought to stimulate domestic tourism in the face of the pandemic, including measures such as: travel vouchers, reductions in consumption taxes (eg. abatement of the Alberta Tourism Levy), and tax credits. Focusing specifically on voucher-oriented programs, two countries that stand out include:

- Iceland issued \$1.5B ISK in travel vouchers to encourage greater domestic spending. By August, the Icelandic government reports that over 137,000 individuals had applied for travel vouchers, 76,000 of which were redeemed for a value of \$380M ISK. Nearly 50% (or 948) of the country’s registered businesses agreed to participate with 80% of those businesses having reported redemption of vouchers.

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- Japan announced a \$1.7T¥ commitment to stimulate the domestic tourism industry in the early days of the pandemic crisis through its Go to Travel campaign. The program covers up to 50% of same day & overnight costs on experiences such as, travel, accommodation, and more. Just last week, Prime Minister Yoshihide Suga announced a six-month extension of the Go to Travel program as part of an enhanced stimulus package valued at \$73.6T¥.

In Ontario's recent provincial budget announcement, the government committed \$150M to incentivize travel within the province early in 2021 by offering a tax credit for residents up to 20% of eligible tourism expenses. The tax credit is a temporary measure intended to re-ignite travel within Ontario. Details are currently being worked on by government and tourism industry officials. Elected officials began to socialize the idea earlier this Spring when Private Member Bill 199, Taxation Amendment Act (Travel Ontario Tax Credit), 2020, was introduced to advance the introduction of a tourism tax credit not exceeding \$1,000 per eligible resident.

The Explore New Brunswick (NB) Travel Incentive Program, which initially ran from July 15, 2020 to September 30, 2020, encouraged NB residents to travel during the summer and early fall; the success of the program has led the government to extend the program through to March 31, 2021. Participants submitting travel claims were eligible for a 20% (or \$200) rebate on a maximum \$1,000 in eligible expenses. According to the Tourism Industry Association of New Brunswick, the program generated \$17.5M worth of tourism spending over a 2-month period with only 40% of eligible recipients submitting a claim for rebate. In aggregate, \$3.5M in rebates were issued, translating to a 5:1 return-on-investment.

**TIAA recommends that the Government of Alberta, proceed with urgency to:**

***Work with TIAA and key industry partners to develop a travel tax credit, rebate or voucher program for residents that would coincide with the reopening of the Alberta economy in January and that support for tourism and hospitality businesses (which is needed in Q1) be expanded through to the summer months to assist with incenting residents from Alberta, other provinces, or select international markets, if the data supports this.***

In closing, we draw the government's attention to the fact that incentivizing travel within our province does more than to just support tourism and hospitality sector businesses; it moves traffic on to main street Alberta and assists with distributing the benefits of enhanced consumer spending among a host of public-facing, small- to medium-sized businesses that are the backbone of the provincial economy.

Sincerely,



Darren Reeder  
Board Advisor

Cc. Members, Standing Committee on Alberta's Economic Future  
Martin Long, MLA, Parliamentary Secretary, Small Business & Tourism  
Kate White, DM, Jobs, Economy & Innovation  
Grant Hunter, Associate Minister, Red Tape Reduction  
Athana Mentzelopoulos, Deputy Minister, Treasury Board & Finance  
Alida Visbach, Board Chair, TIAA