

2023 State of the Industry Report





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Cover, Top: Travel Alberta/Sean Thonson
Cover, Middle: Travel Alberta



In this our second state of the industry report, we review the performance of the sector in 2022, and look ahead at what to expect for the industry in 2023.

This report provides timely insights on the economic health and competitiveness of the sector, particularly as it continues to recover from the impacts of the pandemic for the second straight year. We survey leaders from across the industry to understand their key issues and challenges, explore strategic opportunities and constraints confronting the industry in Alberta, and look to what 2023 will bring for the industry and how we need to best position ourselves. We then explore strategic opportunities and roles for the Alberta government – concluding with a summary of recommendations for action.

1. 2022: A Disrupted Industry in Recovery

For the second straight year, 2022 was a recovery year for the industry. Visitation, expenditures, employment and business performance are all improving. However, full recovery to pre-pandemic levels will likely not occur until 2024, at best. Cumulatively the industry will have foregone \$10.6 billion in tourism expenditures between 2020-2022 as a result of the pandemic.

2. 2023: From Prolonged Recovery to Economic Headwinds

International visitation, particularly from overseas countries, will not recover until 2024 or later. These visitors represent the highest per capita spending of any visitor group, and their absence will continue to negatively impact the economic viability of the sector. Moreover, the economic outlook for the global and national economies continues to darken, with inflation and interest rates expected to take a bite out of Canadians' consumption budgets, with high interest rates disproportionately affecting the accommodation, food & beverage and travel sectors. The sector has also taken on substantial debt to get through the pandemic, and while profit margins continue to dwindle under the weight of rising interest rates and inflationary pressure, debt servicing costs are increasing. As this has a knock-down effect on spending intentions, as the sector is at risk of losing ground in 2023.



Travel Alberta/Sabrina Hill

3. Sectoral Challenges and Opportunities

The comparative challenges and limitations of the Alberta tourism industry continue to persist, and in some cases have been amplified due to the pandemic.

- Alberta's reliance on domestic visitors has only increased since the pandemic – in 2019, 96 per cent of visitors to the province came from within Canada. In 2021, this number increased to 99.4 per cent – with 91 per cent coming from Alberta.
- Air access continues to be a challenge, as Alberta receives only 13 per cent of US arrivals to the country, and 6 per cent of international arrivals – although this is likely to improve with recent announcements from WestJet.
- We are highly seasonal, as nearly half of visitors come to Alberta in the summer months
- The vast majority of Alberta's tourism activity is concentrated in Calgary, Edmonton and the Canadian Rockies. Domestically the region accounts for 70 per cent of total tourism expenditures in the province. Internationally, this increases to 83 per cent, with 47 per cent of international visitors going to the Canadian Rockies.
- Labour challenges continue to persist. The sector has thousands of fewer workers than pre-pandemic times. As travel demand rebounds, businesses will not be able to meet demand with their existing labour force. Forecasts show a growing shortage across all tourism sub-sectors. However, continued systemic and structural issues include an aging demographic, a cumbersome immigration system and decreasing enrollment in post-secondary tourism and hospitality programs. The tourism industry also suffers from a diminished reputation as an attractive industry for life-long careers.
- Domestic Competition. In 2021 BC generated nearly \$9.8 billion in tourism expenditures, which is \$2.8 billion more than Alberta. BC's success also comes at the expense of Alberta's. In 2021, Alberta's visitor deficit to BC was 1.5 million visits, and its expenditure deficit was approximately \$1 billion – which means Albertans spent \$1 billion more in BC on tourism than they receive from BC visitors.



Travel Alberta/Sean Thonson

4. Role of Government

In 2019, the Alberta government made what could be considered unprecedented policy commitments to support the visitor economy, the most notable of which were to double tourism spending in Alberta by 2030, and to reorient Travel Alberta from a destination marketing organization to a destination management organization with a mandate for more active facilitation of private investment and government partnership in the industry.

The government is to be commended for its meaningful efforts and commitments to support the industry. The sector has benefitted substantially from the government’s efforts to re-profile Travel Alberta supported through a 3-year provincial funding commitment that injected an additional \$60M into Travel Alberta.

However, the pandemic has rendered the government’s 2019 goal of doubling tourism expenditures by 2030 as highly improbable, as it has yet to affirm or reaffirm its commitment to growing the visitor economy in the province vis-à-vis the release of a public-facing, long-range tourism strategy. There is also a need for a sustained and strategic commitment of government resources and staff, combined with stronger policy coordination across government.

5. Seizing Opportunity

Tourism is a vital contributor to the Alberta economy that continues to recover from the devastating effects of the 2020 global pandemic, and is now confronted with economic headwinds in 2023. That said, the industry presents a significant opportunity for investment and job creation under the right government policy conditions. To confidently advance growth in Alberta’s visitor economy, TIAA believes the Alberta government needs to advance the following recommendations: Strengthen sustainable tourism funding; develop an integrated government tourism policy & decision-making framework; modernize crown land use policy; develop a travel tax credit; address labour shortages; and build infrastructure capacity.



2022: A Disrupted Industry in Recovery

2022 was certainly a recovery year for Alberta’s visitor economy. While it has yet to return to pre-pandemic levels, substantial progress was made.

1.1. Reduced Visitors and Expenditures

Pre-pandemic, visitors to Alberta spent \$10.1 billion in 2019. The industry was poised for favourable growth, supported by a government commitment to double tourism expenditures by 2030.¹ Despite these efforts, the industry has significantly struggled as total expenditures in 2021 fell by 37 per cent to \$6.3 billion (Table 1).

Table 1: Alberta Tourism Expenditures (000s)

	2019	2021	% Change
Domestic (all of Canada)	\$7,801,939	5,987,871	-23.3%
International (US and other)	\$2,283,545	\$352,881	-84.5%
Total	\$10,085,484	\$6,340,752	-37.1%

Source: Travel Alberta, Statistics Canada National Visitor Survey, National Travel Survey, 2022

The most substantial decline came from international travel expenditures, which decreased by nearly 85 per cent. This loss of expenditures has had a direct impact on the livelihoods of Albertans. According to Verum Consulting, in 2019, when the sector generated \$10.1 billion of visitor expenditures, the result was \$8.6 billion in GDP impacts, nearly 94,000 jobs in the economy, and \$1.15 billion in tax revenues for all levels of government. In 2021, with expenditures down to \$6.3 billion, the sector contributed \$5.4B in GDP, nearly 59,000 jobs and \$720 million in taxes. This represents a net loss of approximately 35,000 jobs in the industry over 2 years.²

1. United Conservative Party: Alberta Strong and Free. Available at: <https://www.unitedconservative.ca/wp-content/uploads/2020/07/Alberta-Strong-and-Free-Platform-1.pdf> Page 37

2. Verum Consulting. 2022. *Alberta’s Tourism Industry: Economic Impacts and Policy Recommendations to Spur Investment*. Prepared for the Tourism Industry Association of Alberta. Available at: <https://silkstart.s3.amazonaws.com/621417fe-782f-49f5-adc8-59e8b0e6569b.pdf>

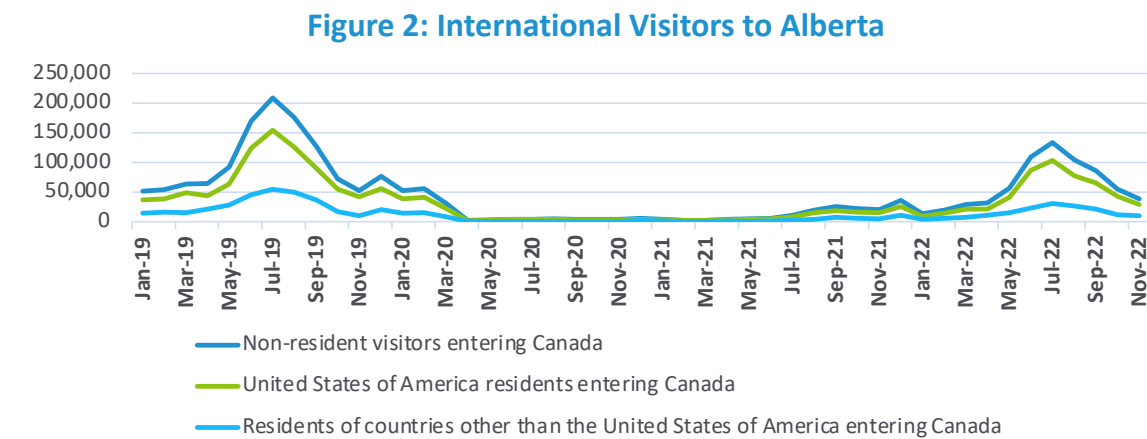
Nationally, the industry continues to struggle. While the sector has experienced a steady recovery since early 2020, 2022 third quarter expenditures remain \$4.4 billion below their pre-pandemic levels (Figure 1).

This trend is particularly troubling, as international visitors have traditionally spent approximately \$2.2 billion annually in the province.



Source: Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)

Alberta, in particular, has struggled to recover from the devastating impacts of the pandemic. While the number of international travellers has begun to recover in 2022, international travel was effectively zero between 2020 and 2021 (Figure 2).



Source: Statistics Canada. Table 24-10-0050-01 Non-resident visitors entering Canada, by country of residence.

This trend is particularly troubling, as international visitors have traditionally spent approximately \$2.2 billion annually in the province. The loss of international visitors since 2020 has cumulatively cost the Alberta economy approximately \$5.2 billion in foregone tourism expenditures (Table 2).

Table 2: International Visitors Total Spending in Alberta (000s)

	2019	2020	2021	2022H1	2022F	Revenue Loss (2020-2022F)
Total	\$2,283,545	\$280,180	\$352,881	\$508,679	\$1,017,358	-\$5,200,216
United States residents	\$993,037	\$131,267	\$182,534	\$237,236	\$474,472	-\$2,190,838
Overseas residents	\$1,290,508	\$148,913	\$170,347	\$271,444	\$542,888	-\$3,009,376

Source: Table 24-10-0047-01 Spending by foreign residents travelling in Canada by country of residence, tourism region and spending category (x 1,000)

It is the loss of overseas travellers to Alberta that is the most impactful, as this group represents the highest per visitor spending of any group at approximately \$4,000 per capita, followed by visitors from the US at 1,229 per capita (Table 3).

Table 3: Per Capita Spending – International Visitors to Alberta

	2019	2020	2021	2022 H1	Average 2019-22ytd
Total	\$1,889	\$1,604	\$2,240	\$1,961	\$1,924
United States Residents	\$1,130	\$1,006	\$1,560	\$1,222	\$1,229
Overseas Residents	\$3,916	\$3,373	\$4,199	\$4,161	\$3,912

Domestically, the number of Canadian visitors to Alberta has also been declining since the pandemic. In 2021, the number of Canadian visitors was nearly 7 million less than in 2019 – a 22 per cent decrease.

Table 4: Canadian Visitors to Alberta (000s)

	2019	2021	Difference
Total	32,231	25,261	-6,970
Same-Day	20,247	16,778	-3,469
Overnight	11,984	8,483	-3,501

Source: Statistics Canada National Travel Survey

The cumulative loss to the Alberta economy as a result of this decrease in Canadian visitors is estimated at \$5.4 billion between 2020-2022 (Table 5).

Table 5: Total Expenditures – Canadian Visitors (000s)

	2019	2021	Difference	Estimated Revenue Loss (2020-2022)
Total Duration	\$7,801,939	\$5,987,871	-\$1,814,068	-\$5,442,205
Same-Day	\$2,433,118	\$1,923,321	-\$509,797	-\$1,529,391
Overnight	\$4,746,200	\$4,064,550	-\$681,650	-\$2,044,951

Source: Statistics Canada National Travel Survey

In aggregate, Alberta’s visitor economy has foregone an estimated **\$10.6 billion** in tourism expenditures since 2020.

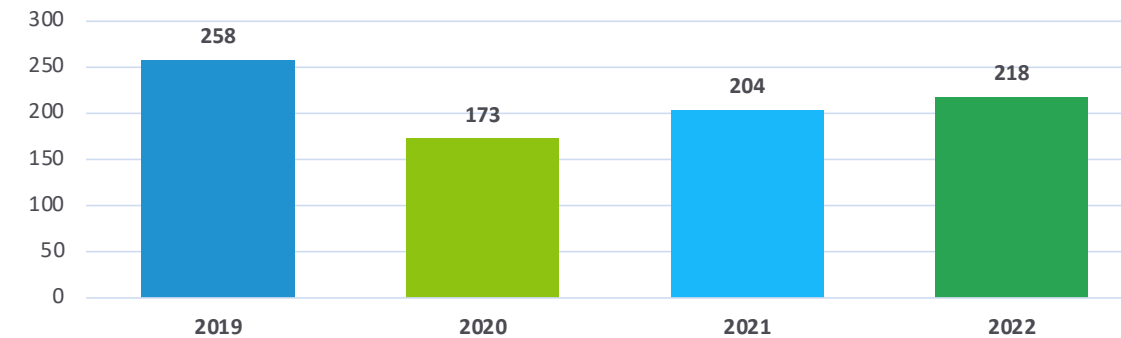


Banff & Lake Louise Tourism / Paul Zizka

1.2. Fewer Employees and Businesses

The significant decline of visitors and tourism expenditures over the past three years has had a substantive structural impact on Alberta’s tourism sector. According to Tourism HR Canada, the Alberta tourism industry is operating with 40,000 less jobs in 2022 than in 2019 (Figure 3).

Figure 3: Alberta Tourism Employment (000s)



Source: Tourism HR Canada. Available at: <https://tourismhr.ca/labour-market-information/tourism-employment-tracker-insights-into-covid-19s-impact/>

Conversely, total employment in Alberta increased from 2.3 million in February 2020 to 2.4 million in December 2022 – a 4.3 per cent increase overall.³

The number of businesses in the industry has also declined since the pandemic (Table 6).

Table 6: Number of Tourism Businesses in Alberta 2019-2021

	2019	2021	Difference	% Change
Accommodation	2,328	2,266	-62	-2.7%
Food and Beverage	10,116	10,140	24	0.2%
Recreation and Attractions	4,861	4,046	-815	-16.8%
Transportation	7,061	4,873	-2,189	-31.0%
Travel Services	994	802	-192	-19.3%
Total	25,375	22,128	-3,247	-12.8%

Source: Statistics Canada. Table 33-10-0493-01 Canadian Business Counts, with employees, December 2021

3. See Government of Alberta Economic Dashboard 2023. <https://economicdashboard.alberta.ca/Employment#alberta>

The province has over 3,200 fewer tourism businesses in 2021 compared to 2019 – representing nearly a **13%** decrease.

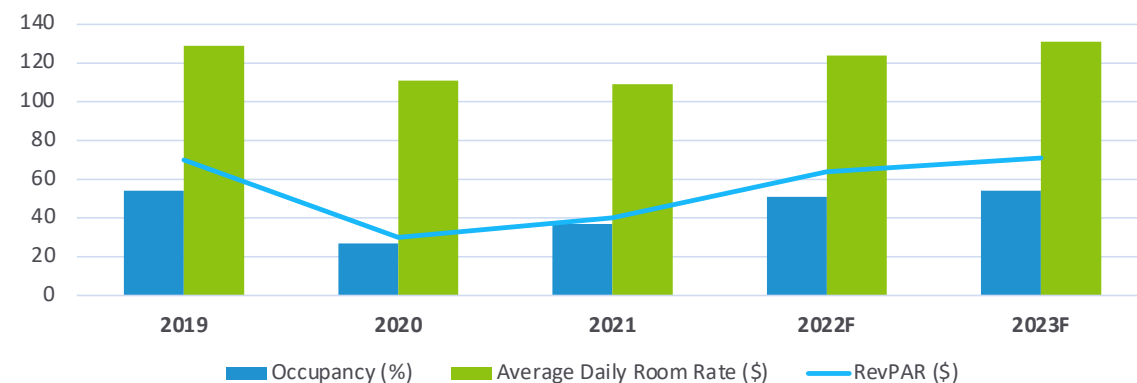
Clearly Alberta's visitor economy has been **left behind** in Alberta's post-pandemic economic recovery.



The most significant impacts are in the transportation, travel services and recreation/attractions sectors. Clearly Alberta's visitor economy has been left behind in Alberta's post-pandemic economic recovery.

While visitor counts and expenditures remain well below pre-pandemic levels, Alberta hotels are starting to see a recovery in occupancy, room rates and revenue per available room (Figure 4).

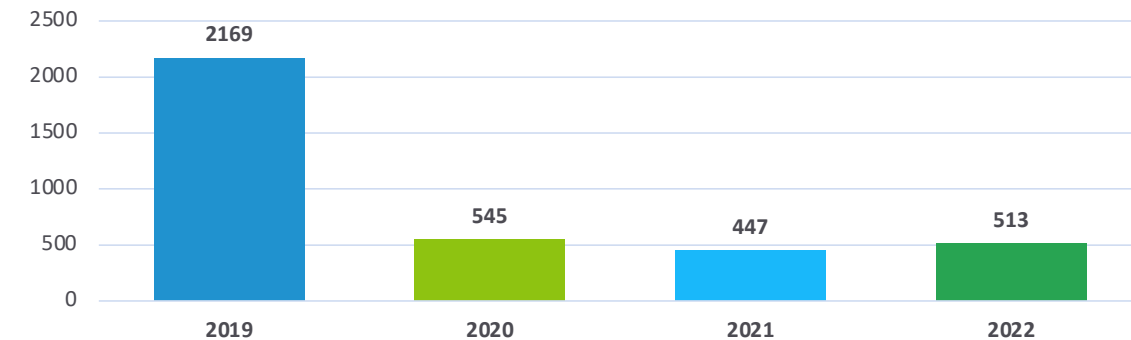
Figure 4: Alberta Hotel Performance



Source: CBRE Hotels Canada Industry Outlook Q3 2022. Available at <https://cbre.vo.llnwd.net/grgservices/secure/CBRE%20Hotels%20Cdn%20National%20Outlook%20-%20Q3%202022.pdf?e=1674581782&h=6610b1d089658d2f3d0e2fcc6b99debf>

While the strengthening of these metrics is encouraging, the growth in new room additions in Alberta has slowed substantially since 2019, as it is likely that the industry curtailed its expansion plans in response to the economic contraction associated with the pandemic. This will be a fundamental challenge for Alberta's visitor economy to overcome in support of government aims to double the value of Alberta tourism spending. (Figure 5).

Figure 5: Alberta New Hotel Room Supply



Source: STR

In a 2023 TIAA member survey conducted by Leger Marketing, members indicated that the pandemic continues to significantly impact their business.⁴

- 48 per cent of members estimate that it will take 1 to 3 years for their operations to return to pre-pandemic levels, and only 23 per cent indicated that they had fully recovered.
- Members continue to feel the impact of the COVID-19 pandemic, especially from higher operating costs (75 per cent), a different customer base (45 per cent) and reduced business activity compared to before the pandemic (42 per cent).

1.3. Supportive Provincial Policy in Need of an Update

In 2019, the Alberta government made what could be considered unprecedented policy commitments to support the tourism sector, the most notable of which were to double tourism spending in Alberta by 2030, and to reorient Travel Alberta from a destination marketing organization to a destination management organization with a mandate for more active facilitation of private investment and government partnership in the industry. Table 7 highlights the government commitments and their 2022 status.

4. Based on an online survey commissioned by TIAA, collected from 173 respondents between Jan 13 and Feb 3, 2023. Top 5 sectors include Attractions (36 per cent), Guided Tours (36 per cent), Accommodation (26 per cent), Events or Festivals (25 per cent), Meetings/Conference/Wedding Facilities (23 per cent).

While the province’s previous commitments and progress towards strengthening the tourism economy in Alberta are to be commended, its policies and objectives are in need of an update. The pandemic has rendered the government’s 2019 goal of doubling tourism expenditures by 2030 as highly improbable as it has yet to affirm or reaffirm its commitment to growing the visitor economy in the province vis-à-vis the release of a public-facing, long-range tourism strategy. There is also a need for a sustained and strategic commitment of government resources and staff, combined with stronger policy coordination across government.

Table 7: Alberta Government 2019 Commitments and 2023 Status

Government 2019 Commitment	2023 Status
Direct Travel Alberta to work with tourism stakeholders to develop a new 10-year Tourism Strategy (10YTS) recognizing the role that the private sector can play in assisting government in promoting Alberta as a tourist destination	10YTS consultation undertaken/completed. New strategic direction expected in 2023 Travel Alberta’s 3-Year Bootstrap plan adopted as the official Tourism Recovery Plan by government April, 2022
Reorient the mandate of Travel Alberta towards more active facilitation of private sector funding and public-private partnerships for its tourism marketing and promotion activities	Legislative changes made to reposition Travel Alberta as a destination management and marketing organization in June 2021
Reprofile a portion of existing government funding for tourism into a Tourism Partnership Incentive Fund (TPIF), managed through Travel Alberta, to attract and identify sources of private sector support for tourism	Travel Alberta funding increased to \$60M annually, intended to fund an expanded investment program that includes investment with private sector and tourism infrastructure investment.
Remove intrusive laws, rules, and regulations which impede the development of Alberta’s tourism sector	Progress being made to streamline tourism policies and regulations vis-a-vis red tape reduction panel on tourism and hospitality issues

There is also a need for a sustained and strategic commitment of government resources and staff, combined with stronger policy coordination across government.

Government 2019 Commitment	2023 Status
Work with the federal government and airport authorities in Calgary and Edmonton to expand air transport agreements and get more flights to Alberta from tourist source countries	Travel Alberta Bootstrap plan focuses on development of direct air access to key domestic and international markets
Establish a target to double tourism spending in Alberta to \$20 billion by 2030	Commitment has been challenged as a result of COVID impacts on the industry. Travel Alberta Bootstrap plan aims to recover tourism revenues to pre-COVID19 levels by 2024. Reorienting Travel Alberta to Destination Management status and increasing the budget to \$60M annually to increase investment in tourism amenities are examples of tangible progress
Make tourism the responsibility of the Minister of Economic Development and Trade	In 2022, responsibility for tourism moved from Ministry of Jobs Economy and Innovation to the Ministry of Forestry, Parks and Tourism. Government announced a Parliamentary Secretary for Tourism

Source: TIAA, Travel Alberta, UCP Alberta Strong and Free Policy Platform.

2023: From Prolonged Recovery to Economic Headwinds

Tourism is an international ecosystem of connected and interdependent industries that relies on stable global dynamics supporting travel, and human connectivity. While many industries have already fully recovered from the pandemic, the recovery in the visitor economy remains both fragile, and nascent. Now, global headwinds risk derailing the visitor economy’s recovery and the viability of businesses and employees in the industry.

Leigh McAdam @hikebikettravel

2.1. International Travel: A Long Recovery

The 2020 COVID pandemic substantially disrupted global travel patterns and supply chains – effectively reducing leisure air travel to zero. While the majority of restrictions have been lifted across Canada’s key tourism origin countries, the lingering effects of the pandemic will continue to have a limiting impact on the return of international travel, until 2024.

At the timing of this report, the Public Health Agency of Canada is “advising travellers to practise enhanced health precautions when travelling internationally,” and recognizes China in particular as a country with “increased risk of becoming exposed to the virus that causes COVID-19.”⁵

Chinese visitors contributed the third most expenditures in Alberta of any international traveller group in 2019, behind the US and the UK. However, visitors from China contributed only \$10.5 million in expenditures in Alberta 2021, compared to \$163 million in 2019 (Table 8).

5. Government of Canada. COVID-19 and International Travel. 2023. <https://travel.gc.ca/travelling/health-safety/travel-health-notice/513>
Travel Advisories. 2023. <https://travel.gc.ca/travelling/advisories>

Table 8: Alberta Visitor Expenditures by Country of Origin (000s)

	2019	2020	2021
US	\$993,037	\$131,267	\$182,534
UK	\$215,743	\$29,044	\$3,002
China	\$162,910	\$ 18,482	\$10,554

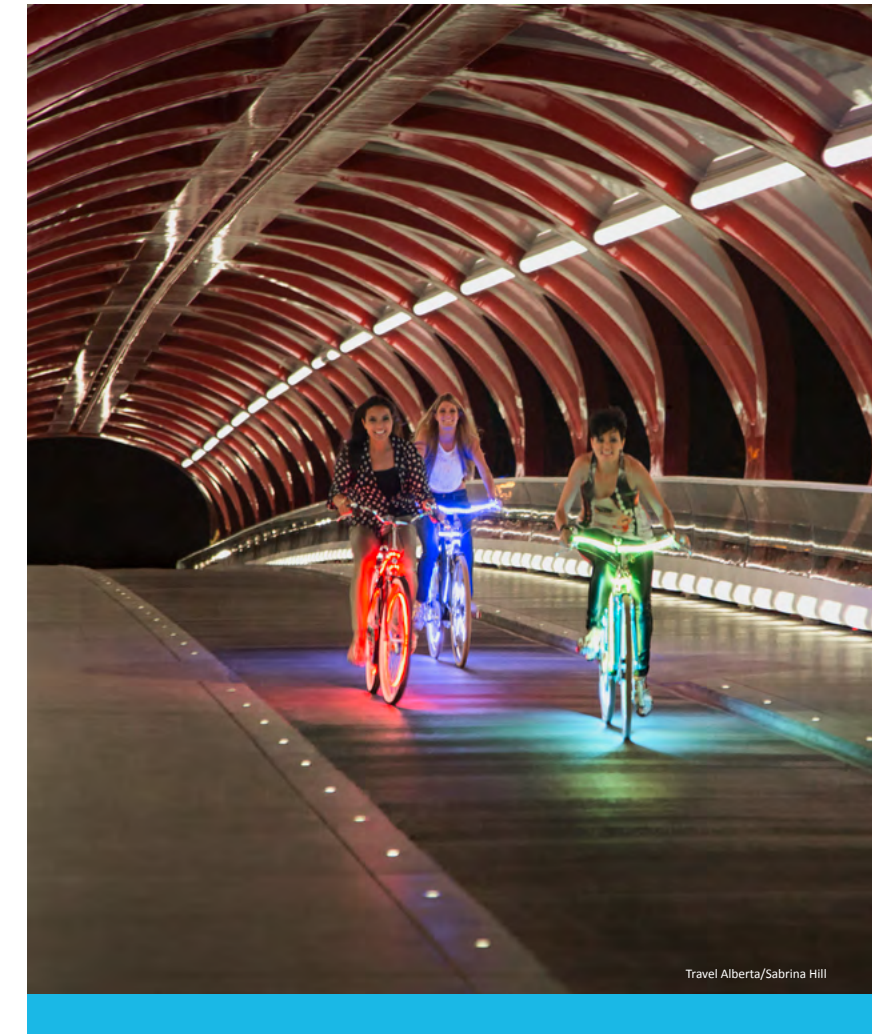
Statistics Canada. Table 24-10-0047-01 Spending by foreign residents travelling in Canada by country of residence, tourism region and spending category (x 1,000)

In fact, visitation numbers have yet to recover from all of Alberta’s major visitor origin countries, and this will continue to have a dampening effect in the industry into 2023 (Table 9).

Table 9: Per Cent Change in International in Air Travel Volume September 2022 Compared to 2019

Origin Country	% to 2019
China	-93.6%
Japan	-76.5%
South Korea	-46.8%
Australia	-33.7%
Germany	-26.2%
Mexico	-26.2%
United States	-23.3%
United Kingdom	-18.2%

Source: Travel Alberta Air Passenger Tourism Indicators, Available at: <https://industry.travelalberta.com/research/tourism-indicators/air-passengers>



Travel Alberta/Sabrina Hill

2.2. Economic Outlook: Dark Clouds Ahead

The global, national and provincial economies are expected to experience subdued growth, and potentially an economic downturn in 2023 compared to previous years – particularly in advanced economies (Table 10).

Table 10: Economic Growth Forecasts (GDP % Change)

	2021	2022	2023F
Global Economic Growth	6.2	3.2	2.7
Advanced Economies	5.2	2.4	1.4
Emerging Market & Developing Economies	6.6	3.7	3.7
US	5.7	1.6	1
UK	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Japan	1.7	1.7	1.6
China	8.1	3.2	4.4
India	8.7	6.8	6.1

Source: IMF World Economic Outlook Report. October 2022. Available at: <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

The slower economic growth will have a dampening effect on the tourism industry both globally and nationally. The UN World Tourism Organization Panel of Experts is not anticipating a return to 2019 levels until 2024 or later, and “tourists are expected to increasingly seek value for money and travel close to home in response to the challenging economic environment.”⁶

Domestically, higher interest rates and slower economic growth are expected to negatively impact the tourism industry in Canada. In its January 2023 Monetary Policy Report, the Bank of Canada is forecasting that consumption as a component of GDP will grow by 0.7 percent in 2023, which is a decrease of 30 per cent from its earlier forecast July 2022 – indicating a worsening outlook for consumption in particular, and the economy as a whole (Table 11).

6. UN World Tourism Organization. 2023. World Tourism Barometer, Volume 21, Issue 1. Available at: https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2023-01/UNWTO_Barom23_01_January_EXCERPT.pdf?VersionId=_2bbK5Glwk5KrBGJt5iNPAGnrWoH8NB

Table 11: Contributions to average annual real GDP growth Percentage points. Numbers in Parenthesis are from July 2022

	2021	2022	2023	2024
Consumption	2.8 (2.8)	2.7 (2.8)	0.7 (1.0)	0.9 (1.5)
Housing	1.3 (1.3)	-1.0 (-0.7)	-0.7 (-0.6)	0.3 (0.2)
Government	1.4 (1.5)	0.3 (0.4)	0.2 (0.5)	0.4 (0.3)
Business fixed investment	0.4 (0.2)	0.9 (0.7)	0.2 (0.2)	0.1 (0.6)
GDP	5.0 (4.5)	3.6 (3.5)	1.0 (1.8)	1.8 (2.4)
CPI inflation	3.4 (3.4)	6.8 (7.2)	3.6 (4.6)	2.3 (2.3)

Source: Bank of Canada Monetary Policy Report. January 2023, July 2022. Available at: <https://www.bankofcanada.ca/publications/mpr/>

The Bank of Canada embarked upon the most ambitious interest rate increases in recent memory, with their benchmark overnight rate increases from 0.25 per cent in January 2022, to 4.5 per cent in January 2023 – a 1,600 per cent increase year over year.⁷ Specifically, the Bank has identified food & beverage, accommodation services, transportation services, new construction, and renovations/ maintenance as being particularly sensitive to rising interest rates.⁸

At a provincial level, while Alberta is expected to weather the economic headwinds relatively well compared to other provinces, slower economic growth across the country combined with higher interest rates will diminish interprovincial travel expenditures in Alberta (Table 12).

Table 12: Provincial GDP Outlook

	2021	2022F	2023F	2024F
Alberta	4.8	4.9	1.9	2.1
BC	6.1	3.1	0.3	1.1
Saskatchewan	-0.9	5.8	1.5	1.6
Ontario	5.2	3.2	-0.1	1.1
Quebec	6	3.1	0	1.4

Source: Royal Bank of Canada. Canadian Economic Outlook. Available at: <https://thoughtleadership.rbc.com/rate-hiking-cycle-ending-as-recession-edges-closer/>
<https://royal-bank-of-canada-2124.docs.contently.com/v/provincialforecasttablesdec2022>

7. Bank of Canada. 2023. Policy Interest Rate. Available at: <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

8. Bank of Canada. 2022. Monetary Policy Report. October. P. 21. Available at: <https://www.bankofcanada.ca/wp-content/uploads/2022/10/mpr-2022-10-26.pdf>

The UN World Tourism Organization Panel of Experts is not anticipating a return to 2019 levels until 2024 or later, and “tourists are expected to increasingly seek value for money and travel close to home in response to the challenging economic environment.”

2.3. Perspectives of Alberta Tourism Businesses

All in all, the 2023 economic outlook for Alberta's tourism sector remains subdued, and potentially negative. However, Alberta tourism industry businesses are somewhat optimistic about their prospects for 2023, as nearly three-quarters (72 per cent) of members are optimistic or somewhat optimistic about their organization's outlook for 2023. This is significantly higher than in 2022 (59 per cent). That said, the industry is confronted with a number of challenges, including supply chain disruptions, inflation, interest rates and increased insurance premiums:

- Over half (56 per cent) of businesses identified inflationary impacts as the biggest challenge their organization is likely to face. This is followed by labour supply (45 per cent) and rising energy costs (35 per cent).
- 25 per cent state that the rising costs and shipping delays in the supply chain are impacting their ability to plan.
- Over eight-in-ten (84 per cent) businesses were impacted by insurance premium growth in 2023. Of the businesses that were impacted, almost two-thirds (65 per cent) experienced an increase of up to 50 per cent in their insurance premiums.
- Almost a quarter (24 per cent) of businesses experienced higher debt servicing costs and two-in-ten (20 per cent) experienced less demand for their products and services.

As a consequence, industry is experiencing lower profits, higher prices, and subdued investment

- Almost six-in-ten (58 per cent) businesses stated that the variability of the costs around supply chain issues could impact their operating margins for 2023.
- Over half of businesses are expected to increase both their product (58 per cent) and service pricing (54 per cent).
- Over half of businesses (53 per cent) have the intention to maintain current levels of spending/investment.



3

Sectoral Challenges and Opportunities

Alberta's tourism industry continues to be confronted with systemic challenges that limit its growth potential. These challenges were made obvious – and were sometimes augmented – by the pandemic, which revealed the vulnerabilities and limitations of the sector in the province.

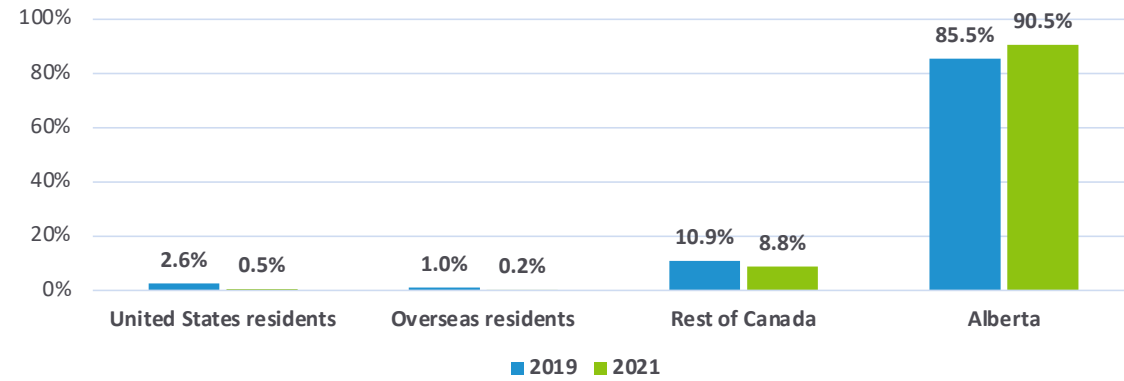
Growing Alberta tourism, particularly from the viewpoint of a pan-provincial economic engine, requires a critical assessment of these challenges. Some, like the reliance on domestic visitors and domestic competition, are here for the long term. Others, like air access and seasonality issues, can be addressed over time. While still others, such as labour, are facing tourism industry operators across the country and, internationally. A clear and honest assessment of these challenges, however, should generate a timely and effective strategy to overcome them.

3.1. Increased Reliance on Domestic Demand

Alberta remains substantively reliant on domestic demand. In 2019, 96 per cent of visitors to the province came from within Canada. In 2021, this number increased to 99.4 per cent – with an even greater proportion (90.5 per cent) generated from within the province; however, the recent increase could be said to be largely attributable to the nature of international travel restrictions (Figure 6).

This increased reliance on domestic visitors is particularly challenging for TIAA members, as 62 per cent are reliant on US visitors, while 57 per cent are reliant on International visitors.

Figure 6: Alberta Visitation by Source



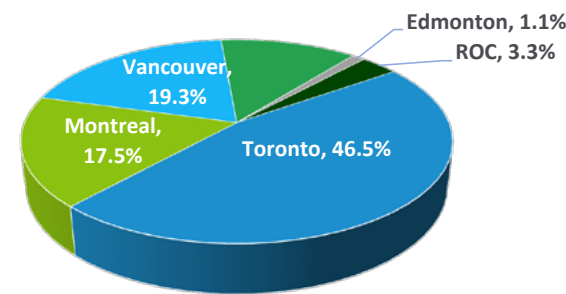
Source: Statistics Canada National Travel Survey.

Alberta is disadvantaged relative to eastern jurisdictions in that it only has access to a population of 3.6 million people within a 500 Km radius, compared to 17 million in the Toronto-Niagara Falls region. Alberta can only overcome this land-locked disadvantage by introducing more world class tourism amenities and supporting infrastructure, and, by expanding additional air capacity.

3.2. Limited but Expanding Air Access

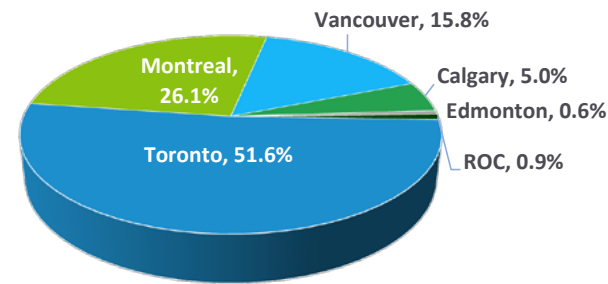
Toronto, Montreal and Vancouver accounted for 83 per cent of all US air traffic and 94 per cent of other international air traffic into Canada in 2021 (Figures 7 and 8). Alberta accounted for 13 per cent of US visitors and a mere 6 per cent of international visitors.

Figure 7: US Arrivals to Canada By Airport 2021



Source: Statistics Canada. Table 23-10-0253-01 Air passenger traffic at Canadian airports, annual

Figure 8: International Arrivals to Canada By Airport 2021



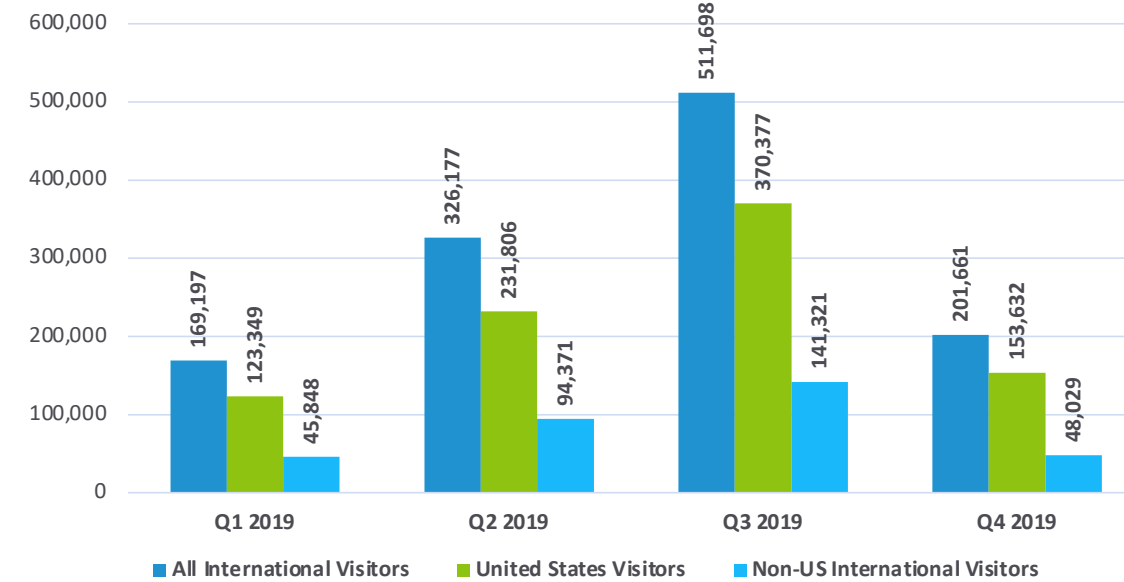
Source: Statistics Canada. Table 23-10-0253-01 Air passenger traffic at Canadian airports, annual

While this limited access is a hinderance to growing Alberta’s tourism economy, recent industry developments suggest that Alberta will see an increase in international air passenger traffic. Notably, in 2022 WestJet partnered with the Alberta government to base all of its international flights out of Calgary and substantially expand its service offering and fleet, thereby “unlocking opportunity for new routes within North America, to Europe, with the potential to reach Asia.”⁹ WestJet further announced “20 new routes and three new destinations to the airline’s summer schedule. Offering a comprehensive network of connectivity between Western Canada and the United States.”¹⁰ These developments have the potential to materially grow international and domestic air travel in Alberta over the next five years.

3.3. Seasonality

Alberta is a seasonally dependent tourist destination, with the vast majority of visitors coming over the summer months (Figure 9).

Figure 9: Seasonality of International Visitors



Source: Statistics Canada. Table 24-10-0050-01 Non-resident visitors entering Canada, by country of residence.

Correspondingly the structure of the industry reflects this seasonality, as 54 per cent of industry revenue is generated in the summer, compared to 15 per cent in the fall, 16 per cent in the winter and 14 per cent in the spring. A key opportunity to overcome these challenges is to build out infrastructure and amenities that encourage year round visitation.

9. WestJet. 2022. Partnership between the WestJet Group and the GOA sets foundation for future of aviation. Available at: <https://westjet.mediaroom.com/2022-10-05-Historic-partnership-between-the-WestJet-Group-and-the-Government-of-Alberta-sets-foundation-for-future-of-aviation-growth-across-province>

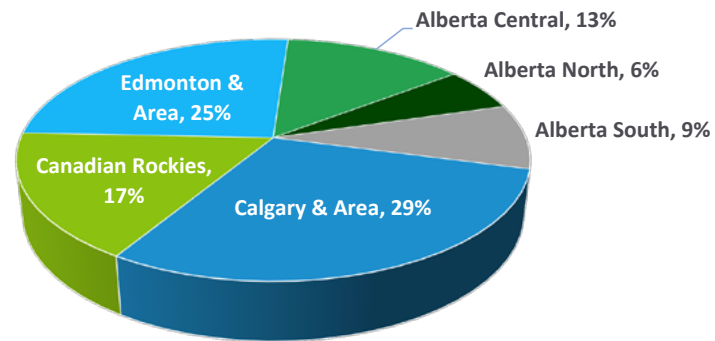
10. WestJet. 2023. WestJet brings new U.S. destinations and enhanced domestic connectivity to summer schedule as airline’s new growth strategy takes flight. Available at: <https://westjet.mediaroom.com/2023-02-13-WestJet-brings-new-U-S-destinations-and-enhanced-domestic-connectivity-to-summer-schedule-as-airlines-new-growth-strategy-takes-flight>

A key opportunity to overcome these challenges is to build out infrastructure and amenities that encourage year round visitation.

3.4. Concentration of Tourism Assets

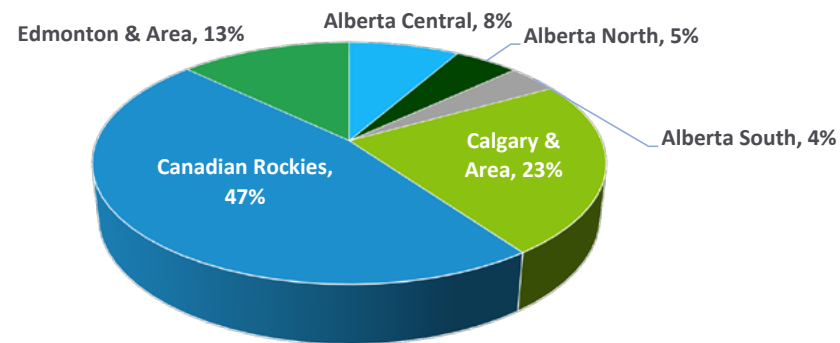
The vast majority of Alberta’s tourism activity is concentrated in Calgary, Edmonton and the Canadian Rockies (Figures 10 and 11). Domestically the region accounts for 70 per cent of total tourism expenditures in the province. Internationally, this increases to 83 per cent, with 47 per cent of international visitors going to the Canadian Rockies.

Figure 10: Domestic Visitor Expenditures by Region



Source: Travel Alberta 2019 visitor profiles by region. Available at: <https://www.alberta.ca/alberta-visitor-profiles.aspx>

Figure 11: International Visitor Expenditures by Region



Source: International proportions from 2014 Travel Alberta Visitor profiles by region, cross-referenced with Statistics Canada 2019 NVS actual expenditures by region, which are publicly available separately for the Rockies and Calgary regions as a means of calibration.



3.5. Labour Shortages

COVID-19 has caused a significant disruption to the tourism labour market. The sector lost nearly one million workers within the first eight weeks of the pandemic. Today, the sector continues to have thousands of fewer workers than pre-pandemic times. As a result, as travel demand rebounds to pre-pandemic levels, businesses will not be able to meet demand with their existing labour force.

According to Tourism HR Canada, projections to 2025 show a growing shortage of workers across all tourism industries: accommodation; food and beverage services; recreation and entertainment, transportation and travel services.¹¹

Attracting and retaining a sustainable tourism workforce is essential to the sustained recovery and growth of Alberta’s visitor economy. This has been a commonplace and ongoing issue for the tourism industry but is now exacerbated as tourism businesses recover from pandemic losses, and deal with inflation and higher insurance premiums.

The pandemic also augmented the systemic and structural issues to employment in the sector that existed years before the pandemic hit. These include an aging demographic, a cumbersome immigration application system and a decreasing number of enrollments from international and Canadian students in post-secondary tourism and hospitality programs. The tourism industry also continues to suffer from a diminished reputation as an attractive industry for life-long careers.

A recently completed survey that explored the *Perceptions of Tourism as a Place of Employment in Alberta*, found that 88 per cent of Albertans believe that tourism is important to the economic well-being of the province. The survey also indicated that a proportion of Albertans, and those with experience in the tourism industry, view tourism as a short-term or temporary employment solution, not a long-term career path.¹²

Consequently, labour shortages continue to be a top priority for TIAA members, and the issue is only getting worse:

- Almost two-thirds (65 per cent) of businesses report a shortage of suitable workers as one of the top five challenges they faced in 2023 – which is significantly more than the 57 per cent identified in 2022.

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11. Tourism HR Canada. 2022. Projections of Tourism Employment Demand in Canada 2019-2025 Available at: <https://tourismhr.ca/labour-market-information/covid-impact-and-recovery/projections-of-tourism-employment-demand/>

12. Tourism HR Canada. 2022. Perceptions of Tourism as a Place of Employment in Alberta. December 2022.

- Supply chain constraints and higher inflation are driving labour cost expectations, as almost two-thirds (65 per cent) of businesses feel that labour costs will be impacted the most by supply chain constraints and the rising cost of inputs in 2023.
- Businesses continue to operate with less staff than prior to the pandemic. Almost seven-in-ten (69 per cent) businesses have over 60 per cent of their pre-pandemic levels of staff in Feb 2023. This is comparable to Feb 2022 levels (66 per cent).

In 2021 BC generated nearly 10 billion in tourism expenditures, which is \$2.9 billion more than Alberta

3.6. Domestic Competition

In addition to its reliance on domestic visitors, Alberta tourism operators face strong competition for the in-province market from British Columbia.

Relative to Alberta, the province of British Columbia has taken a more proactive stance towards tourism and recreation development across the province. BC recognized the importance of an integrated government approach over a decade ago and, in 2005, created the *All Seasons Resort Policy*, which sets the vision, principles, goals and objectives for developing all-season resorts in the province.¹³ The overarching vision of the policy is to “develop British Columbia as a world- class All-Seasons Resort destination.”¹⁴

The execution of the policy involves coordination and alignment across multiple ministries, for which the government established *Crown Land Allocation Principles*, known as “a summary of key administrative and contract law principles which guide provincial employees...[and] the authorizing agency that is involved in decisions related to the allocation of provincial Crown land.”¹⁵

These policies are widely recognized as critical in the success that British Columbia has experienced in the development of its tourism industry. There are currently four all-season resort applications and 923 non-all season resort applications under consideration in BC under the policy framework.^{16 17}

13. Government of British Columbia, Ministry of Forests, Lands, Natural Resources Operations and Rural Development. Available at <https://www2.gov.bc.ca/gov/content/industry/natural-resource-use/resort-development>

14. Ibid 7

15. Ibid 7

16. Government of British Columbia. 2022. Ongoing Applications and Reasons for Decisions. Available at: <https://www2.gov.bc.ca/gov/content/industry/natural-resource-use/resort-development/ongoing-applications-reasons-for-decisions>

17. Comparative information is not even accessible in Alberta.



BC is experiencing significant success as a result of its effort to encourage the tourism sector. In 2021 BC generated nearly 10 billion in tourism expenditures, which is \$2.9 billion more than Alberta (Table 13).

Table 13: Domestic Tourism Expenditures in Alberta and BC 2021 (000s)

Alberta	\$5,987,000
BC	\$8,855,000
Difference	-\$2,867,000
Source: Statistics Canada National Travel Survey	

BC’s success also comes at the expense of Alberta’s. In 2021, Alberta’s visitor deficit to BC was 1.5 million visits, and its expenditure deficit was approximately \$1.05 billion – which means Albertans spent \$1 billion more in BC on tourism than they receive from BC visitors (Table 14).

Table 14: Alberta’s Tourism Export Deficit to BC, 2021

	Expenditures (000s)	Visitors
Alberta	\$1,600,000	2,303,000
BC	\$548,000	848,000
Alberta-BC Tourism Deficit	-\$1,052,000	-1,500,000
Source: Statistics Canada National Travel Survey		

Role of Government: Supporting the Industry & Travel Alberta

Alberta’s visitor economy is supported and stewarded by Travel Alberta, which is a crown corporation under the Ministry of Forestry Parks and Tourism. According to its mandate:¹⁸

Travel Alberta / Mike Seehagel

Travel Alberta acts as convener for regional destination organizations, businesses and economic development organizations who make up the visitor economy. Together, we lead, influence and coordinate destination development and promotion activities, taking account the needs of visitors, residents, businesses, and the environment.

Travel Alberta drives the growth of the province’s visitor economy, creating and promoting must-visit destinations throughout the province. We do this by helping businesses develop memorable products and experiences, marketing those products and experiences to the world, and ensuring visitors have access to them.

Travel Alberta is well-regarded by the industry and has a reputation as a capable and strategic organization. It has embraced its new mandate as a destination management organization (as opposed to a destination marketing organization), and is using the approximate incremental \$20 million in annual funding over three years to support targeted, private sector catalyzing investments, based on an assessment of high potential opportunities in select regions across the province (Table 15).

18. Travel Alberta. 2023. About Travel Alberta. Available at: <https://industry.travelalberta.com/about/about-travel-alberta>

Table 15: Travel Alberta 2022-25 Business Plan Pillars and Objectives

Strategic Pillar	Marketing	Access	Place
Key Objectives	<p>Lead alignment efforts with key partners to ensure a competitive position in the tourism market.</p> <p>Implement promotional campaigns (direct to consumer, media, and public relations) and travel trade (business to business) activities to increase consideration of Alberta as a travel destination.</p>	<p>Partner with airlines to increase air connectivity with U.S. and international destinations to attract high-value travellers in all seasons.</p> <p>Partner with other government departments to increase transportation access and digital connectivity throughout the province.</p>	<p>Spearhead the development of destination master plans to increase capacity in priority regions while ensuring sustainable development and growth for the future.</p> <p>Implement a sustainable tourism investment strategy to stimulate product development, encouraging job creation and sustainable economic growth throughout the province.</p> <p>Increase opportunity and reduce red tape for entrepreneurs and small businesses to enable sustainable development and growth.</p>

Source: Travel Alberta 2022-25 business plan. Available at: <https://industry.travelalberta.com/about/business-planning/business-plan-2022>

These objectives reflect Travel Alberta’s embrace of its new role as a destination management organization, which includes strategically partnering with government and industry to strengthen access, and working with industry and communities to build the infrastructure and attractions that drive destination development in the province. Specifically, under the “Place” strategic pillar:

“[Travel Alberta has] identified 10 potential tourism development areas [traveller corridors] throughout the province, based on the economic growth potential and job creation. Each area was assessed against several criteria, including existing marketable experiences, dedicated destination organizations, government and community support and a critical mass of private sector investment potential.”¹⁹

19. Travel Alberta 2022. 2022-25 Business Plan. <https://industry.travelalberta.com/about/business-planning/business-plan-2022>

The key is to be able to transform these opportunities into actual private sector investment and job creation under a broader tourism strategy for the province. The challenges for Travel Alberta, the industry and the government as a whole, however, remain twofold:

1. Limited, non-existent or yet-to-be-actioned mandates across relevant Alberta government departments to support the industry and advance new projects; and,
2. Limited funding and operational bandwidth within Travel Alberta and across relevant government departments to fulfill government's stated commitment to more than double the value of Alberta's visitor economy by 2030 .

It is these challenges that government needs to address as it seeks to seize the opportunity to grow the industry beyond pre-pandemic levels.



5

Seizing Opportunity: Recommendations for Government

Tourism is a vital contributor to the Alberta economy, that continues to recover from the devastating effects of the 2020 global pandemic, and is now confronted with economic headwinds in 2023. That said, the industry presents a significant opportunity for investment and job creation under the right government policy conditions.

TIAA members are looking to the provincial government to recognize the importance of their industry:

- Approximately one third (31 per cent) of businesses worry that Alberta's visitor economy is not viewed as a priority by a new government.
- Businesses are split between two main hopes: that tourism is seen as a priority by a new government (42 per cent) and that there is an increase in sustainable funding for Alberta's tourism industry (39 per cent).
- Only a quarter of businesses (24 per cent) agree that the government has improved its understanding of the role and contributions of the tourism industry since being first elected in 2019. Almost four-in-ten (37 per cent) disagree.

To confidently advance growth in Alberta’s visitor economy, the Tourism Industry Association of Alberta (TIAA) has asserted that the Alberta government needs to advance the following recommendations, on a priority basis.

5.1. Sustainable Tourism Funding

Alberta’s tourism industry faces a key barrier in that it is substantially under-funded relative to other sectors in the economy. Based on research from a new comparative economic impact study entitled *Alberta’s Tourism Industry: Economic Impacts and Policy Recommendations to Spur Investment*, we’ve learned that on a comparative economic and employment basis, the tourism sector is substantially under-funded relative to other sectors in the economy.²⁰

For every job in Alberta’s tourism industry, the Government of Alberta spends approximately \$735, compared to \$7,100 per job in the energy sector and \$8,661 per job in agriculture and forestry.

At parity, government spending would be \$579 million on tourism when benchmarked to energy, and \$707 million when benchmarked to agriculture and forestry. Similarly, on a GDP basis, government spends \$8.5 per thousands of GDP on tourism compared to \$10.7 for energy and \$36.2 for agriculture and forestry. At parity, government spending would be \$75 million on tourism when benchmarked to energy, and \$256 million when benchmarked to agriculture and forestry.

TIAA commends the government for its meaningful efforts to support the industry in recent years by expanding Travel Alberta’s mandate from a destination marketing organization to a destination management organization, supported by a three-year provincial funding commitment of an additional \$60 million.

However, in order for the industry to recover and to grow to achieve government’s stated goal of doubling tourism expenditures by 2030, what is needed is a resourcing commitment commensurate with the industry’s economic contribution and potential, particularly relative to other sectors of the economy.

Recommendation 1:

Permanently allocate the full equivalent value of the Alberta Tourism Levy to Travel Alberta, benchmarked to pre-COVID 2019 and adjusted for annual inflation, so that it may more effectively and comprehensively fulfill its destination marketing role for the sector.

Recommendation 2:

For a minimum of the next five years, commit an incremental \$60 million per year in funding to Travel Alberta to catalyze private sector investment in tourism infrastructure and amenities geared towards achieving the goal of doubling tourism expenditures by 2030.

Recommendation 3:

Earmark departmental budgets in relevant ministries to support the development of the tourism industry in achieving the government’s vision. Key ministries include Forestry, Parks and Tourism; Environment and Protected Areas; Jobs, Economy and Northern Development; Transportation and Economic Corridors; Municipal Affairs; Indigenous Relations; Trade, Immigration and Multiculturalism; Executive Council and Treasury Board and Finance.

5.2. An Integrated Tourism Policy & Decision-Making Framework

The Alberta tourism industry presents a significant opportunity for economic prosperity and job creation across all regions of the province and is well-positioned for growth and expansion. In fact, doubling tourism expenditures in the province would more than triple the 2021 GDP contributions and jobs.²¹ To realize this untapped potential, the Government of Alberta needs to implement an integrated policy and decision-making framework that supports tourism across government.

The tourism industry is unique in that it involves a number of government ministries and agencies that would ideally coordinate to advance a strategy to grow the industry. The Government of Alberta can take a leadership role by creating the right policy supports necessary to achieve this potential.

This approach should include developing a “seamless end-to-end concierge service for [tourism] investors across orders of government, government departments and agencies...[and to] to coordinate investment attraction activities across ministries and clearly define accountabilities for addressing barriers to investment and helping investors navigate government and regulatory processes,” as was envisioned in Alberta’s 2020 *Investment and Growth Strategy*.²²

21. Ibid

22. Government of Alberta 2022. *Selling Alberta to the World: Alberta’s Investment and Growth Strategy*. Available at: <https://www.alberta.ca/investment-and-growth-strategy.aspx>



20. Verum Consulting 2022. *Alberta’s Tourism Industry: Economic Impacts and Policy Recommendations to Spur Investment*. Available at: <https://www.tiaa.alberta.ca/cpages/economic-impact>

Recommendation 4:

Affirm government support for growing investment in Alberta’s tourism industry, including recommitting to double tourism expenditures by 2030.

Recommendation 5:

Adopt a provincial tourism policy framework, led by the Ministry of Forestry, Parks and Tourism, and administered by Travel Alberta, that:

- Articulates a provincial vision and objectives for tourism development in Alberta, including positioning the province as a world class tourism destination with a goal to double tourism expenditures;
- Establishes a supportive crown land policy framework, especially on public lands, integrated across government, that embraces tourism as an industry, and one that is prioritized for growth;
- Establishes Crown Land Allocation Principles to guide public servants and agencies in administering the framework;
- Provides a concierge service for tourism project proponents that maps the processes, requirements, contacts and intergovernmental integration required for proponents to successfully advance projects; and
- Inventories crown land tourism and recreation resources, and measures and monitors the tourism economy.

5.3. Modernizing Crown Land Use Policies

In 2020, Alberta Environment and Parks (AEP) released *Alberta’s Crown Land Vision*, which indicated that:

There are gaps in how government manages recreation, ensures sustainability and safety, and maintains the natural environment of the places Albertans and visitors so enjoy.... As government works to balance economic development, conservation and recreation on these busy landscapes, we need to improve the ways we manage recreation in the mix. Improvements to outdoor recreation will also support tourism in the province. The tourism sector is an important part of Alberta’s economic diversity, encouraging Albertans and other visitors to enjoy our diverse landscapes.²³

23. Alberta Environment and Parks. 2020. *Alberta Crown Land Vision*. <https://www.alberta.ca/alberta-crown-land-vision.aspx>

As AEP clearly identifies, there continues to be a need to improve how the tourism industry is evaluated and prioritized in provincial crown land use decision-making. This is a significant barrier to investing and building the tourism industry in the province.

In 2021, TIAA authored a report on the value of outdoor recreation on Alberta crown lands, which found that:

Land used for outdoor recreation is viewed as a land use that simply needs to be managed to minimize impacts and conflicts with environmental values and land uses. Such a management philosophy has created a reactive approach to crown land outdoor recreation and an underrealized outdoor recreation economy. While other industries on crown land have articulated the contribution they make to Alberta’s economy, and the government works to establish the conditions for those industries to succeed, Alberta’s outdoor recreation economy has not received the same support. As a result, outdoor recreation on crown lands is not recognized or understood to be a major economic sector that holds significant potential to grow and diversify Alberta’s economy.²⁴

Moreover, recreation and tourism are not necessarily one in the same, but they are often conflated within the Ministry. Tourism is an industry that encompasses recreation, but is broader and involves significantly more destination development and attraction investment. It needs to be enabled with “a supportive crown land policy framework, especially on public lands, that views outdoor recreation [and tourism] as an industry, and one prioritized for growth.”²⁵

A major shift in policy direction is needed to keep pace with the innovations happening right next door in British Columbia; this process could start with Alberta creating its own Office of Outdoor Recreation.

Recommendation 6:

Immediately act on the recommendation of the Standing Committee on Alberta’s Economic Future to the previously known ministry of Alberta Jobs, Economy and Innovation to implement all six of the recommendations contained in TIAA’s report on the Economic Value of Outdoor Recreation on Alberta Crown Lands.

24. Tourism Industry Association of Alberta. 2021. *Alberta’s Crown Land Recreation Economy*. P. 9. Available at: <https://www.tiaalberta.ca/cpages/recreation-study>

25. TIAA. 2022. Six Actions to Unlock the Potential of the Outdoor Recreation Economy. Available at: <https://silktart.s3.amazonaws.com/25002cd9-1381-4778-9a6e-f73616386c3c.pdf>

5.4. Create a Travel Tax Credit

As much as the tourism recovery is well underway, total tourism spending isn't expected to return to 2019 levels until 2024, while spending from U.S. and international visitors isn't expected to recover until 2024 and 2025, respectively. International travelers spend approximately four times more than domestic overnight travelers and the return of international visitors - particularly U.S. visitors over the coming year - is critical to recovery: especially as inflationary pressures and labour supply challenges continue to act as a drag on recovery efforts.

Prior to the pandemic, Alberta experienced a \$4.5 billion annual travel deficit to other parts of Canada, as well as U.S. and international markets. Closer to home, spending in neighbouring British Columbia alone is responsible for approximately 25 percent of Alberta's total travel deficit. TIAA believes that the government can help close the travel deficit by purposefully incentivizing and encouraging Albertans to spend on visitor experiences that exist in our own backyard. The Alberta government recently demonstrated its support for the Value-Add Agri-Food Industry through the Alberta Agri-processing Investment Tax Credit.²⁶ A similar tax-supported approach could be undertaken for Alberta's tourism industry.

TIAA recommends that the Government of Alberta introduce a travel tax credit to stimulate spending by Albertans on Alberta-made travel products and services. Such a program would stimulate spending on tourism products by Albertans at lower-demand times of the year where international visitors are in limited supply. In addition, such a tax credit would help distribute the benefits of consumer spending activity throughout Alberta and significantly increase the survivability rate of businesses that rely heavily on U.S. and international markets.

Recommendation 7:

Introduce a 20 percent personal income tax credit program to incentivize domestic travel and spending by Albertans at low-demand times of the year (October to May) and, to help accelerate the full recovery of the industry from COVID-19.

26. See Government of Alberta. 2023. Capitalizing on value-added agriculture. Available at: <https://www.alberta.ca/release.cfm?xID=86496C5FAEE1B-E36F-517E-C70C15101AC6D2DF>

5.5. Address Labour Shortages

While there is no one solution that will address Alberta's tourism labour and talent challenges, there is an urgent and timely need to position Alberta's visitor economy as an attractive industry for long-time career development, ensuring all Albertans aware of the potential career options available.

Recommendation 8:

In addition to the incremental funding envelope described in recommendation #2, invest a further \$2.5 million annually (for a minimum of 3-years) in Travel Alberta, beginning with Budget 2023-24, to work with industry associations like TIAA to conceive and deliver a world-class, tourism awareness and careers development campaign aimed at promoting destination employment career paths to those within the K-12 system, as well as those who have worked within the province's tourism and hospitality industry at some point in their career.

5.6. Support for Indigenous Tourism

Indigenous Tourism is an integral component of Alberta's tourism industry. According to Travel Alberta:

Alberta has an opportunity to be the premier destination for authentic Indigenous tourism in ways that promote education, understanding and reconciliation . Culture and people are critical ingredients to tourism success and upholding the heritage and values that make Alberta unique can demonstrate to the world how our province is inclusive, welcoming and equitable toward all peoples and communities.²⁷

Travel Alberta partners with *Indigenous Tourism Alberta* to "support the growth and development of Indigenous tourism businesses and communities."²⁸ While this is very welcome strategic objective for the organization, more needs to be done in order to catalyze investment in Indigenous tourism destinations and experiences. The Alberta Indigenous Opportunities Corporation (AIOC) is a potential vehicle that can provide material and meaningful access to financing capital for Indigenous communities looking to capitalize on the tourism economy. According to the AIOC:

With up to \$1 billion in loan guarantees available, we enable access to capital, make financing more affordable and improve lending terms to create economic prosperity and social improvements in communities – not only for the short term but also for generations to come. ²⁹

27. Travel Alberta 2022. 2022-25 Business Plan. <https://industry.travelalberta.com/about/business-planning/business-plan-2022>

28. Travel Alberta 2022. 2022-25 Business Plan. <https://industry.travelalberta.com/about/business-planning/business-plan-2022>

29. Alberta Indigenous Opportunities Corporation. 2023. Available at: <https://www.theaioc.com>

The one key barrier is that the AIOC does not include tourism as part of its mandate. Rather, the AIOC only funds projects in natural resources, telecommunication, transportation and, most recently, agriculture. TIAA views this as a missed opportunity to bring substantial and transformative financial capacity to grow the Indigenous tourism industry in Alberta.

Recommendation 9:

Expand the mandate of the Alberta Indigenous Opportunities Corporation to include tourism as a sector within the scope of its investment portfolio.

5.7. Invest in Infrastructure Capacity

For Alberta's visitor economy to grow and attract the type of product innovation and investment that will set the province apart from its competitors, the right infrastructure needs to be in place to encourage safe and memorable visitor movements throughout the province.

In order to maximize and encourage travel opportunities (aligned with Travel Alberta priorities), our province's infrastructure requires enhancement to fully support visitors' journeys and comfort (e.g. from ensuring basic utility infrastructure is in place to support investor aims in a region to improved roads, roadside pull outs, public washrooms, cellular or WIFI service that contribute to the overall visitor experience.)

TIAA observes that there is a need to better align the government's capital spending priorities for municipal infrastructure, roads and bridges, sport, recreation, cultural community facilities, etc. to Travel Alberta's strategic aims to help develop new tourism destinations, regions, and products and services that contribute to new businesses, jobs and tax revenues for the government.³⁰

Recommendation 10:

Work with Travel Alberta to develop a regional tourism infrastructure capacity planning framework that is strategically aligned to its regional destination development (Tourism Development Zone) aims, Alberta's 2023-26 Capital Plan and Alberta's and Building Forward: Alberta's 20-Year Strategic Capital Plan.

30. Travel Alberta 2022-25 Business Plan <https://industry.travelalberta.com/about/business-planning/business-plan-2022>





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