

WHY INVEST IN TOURISM?

Because it offers one of the best opportunities for Nova Scotia to strengthen its economy.

WHAT IS TOURISM?

Tourism is Trade. It is also Economic Vitality and it is Economic Development. Tourism requires Travel for the exchange of trade - dollars earned in one community and spent in another. **Tourism is *Everybody's Business***. It touches every occupation and every business.

The Nova Scotia Tourism Industry is more than 6500 direct businesses supporting over 33,000 jobs. In addition, the suppliers to the industry, providing products to feed, house and entertain our travellers, contribute payroll and business taxes. Every Tourism dollar spent in Nova Scotia generates an additional \$.067 cents for our communities in supplies and wages.

Visitors rarely utilize our social services and contribute additional Harmonized Sales Tax revenues. Visitors bring revenue (new dollars) into our communities. This is why we must protect our communities and ensure they flourish.

Tourism has important links to regional diversification. Tourism related businesses, spread throughout the province, are for the most part small enterprises. Tourism is also a mainstreet Industry. More dollars are spent on mainstreet in shopping, entertainment, etc. than in our restaurants and on accommodation combined. In fact, 16% of every Tourism dollar is spent on shopping alone, matching the number of dollars spent on accommodation.

Tourism is a quality industry. In addition to supporting our rural and coastal communities, traveller spending helps support our parks, museums and special infrastructure built for an event and enjoyed by our residents such as Centre 200 in Sydney. Tourism is environmentally friendly, non-consumptive and non polluting and helps to make Nova Scotia a place where people want to live.

The Tourism industry is, for the most part, one which protects, preserves and celebrates our natural and built heritage. Beyond the revenue generation, awareness of the needs and wants of our visitors, assists our citizens to develop pride of place, person and occupation.

Tourism is a barometer of the economy. It is dependant on disposable income. Economic prosperity and the aging wealthy baby boomers who have both time and money to travel, will continue to feed the Tourism Industry. Historically, the 50-plus have never had so much time and money.

Investment in Tourism marketing creates a payback to the economy and the government many times over. The remarkable point is that the province has few options like Tourism, where a positive return is first realized in the year in which the investment is made, a return that continues for many years. And, it is an investment that generates tax revenues for government, revenues that can be used to fund important needs for Nova Scotians - education and health. And those revenues are generated throughout the Province, to every community, every corner, providing positive economic benefits to rural and urban Nova Scotia.

Nova Scotia has become a world destination of choice, a province for all seasons. Nova Scotia is on the horizon of an unprecedented Tourism boom with a potential for a healthy life cycle. But it must be managed strategically as a true resource. Strategic planning to maximize and protect its future is quickly needed. Government must recognize Tourism as an economic generator and provide the investment and political support to realize its huge potential. We need to manage the Business of Tourism; reduce regulation and barriers to business growth; extend our traditional Tourism season and increase protection of our natural and built heritage and our many cultures.

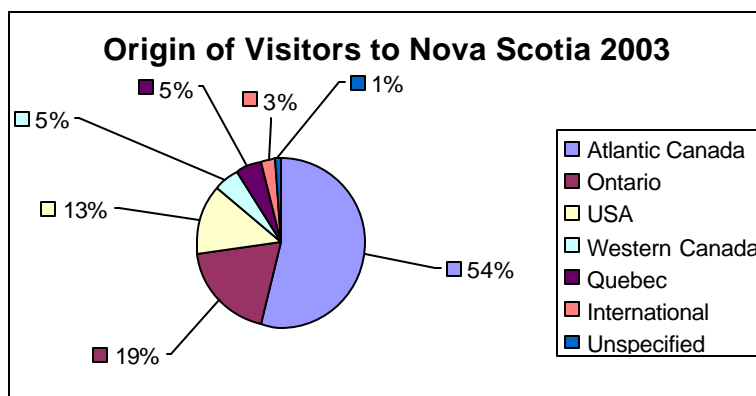
Tourism is also the most competitive Industry in the world. Other countries have found Tourism to be the panacea for their economy and are making major investments in infrastructure and marketing to ensure sustainable economic growth. We compete with Cape Verde, Israel and Thailand as a destination and our marketing efforts pale in comparison to the rest of the world.

Tourism is a revenue producing resource industry. The Department of Tourism, Heritage & Culture is a revenue centre. Tourism has consistently provided growth within our province over the past 25 years. World Tourism revenues have grown by 25 % over the past five years.

Tourism has grown in Canada at a faster rate than all other industries since 1975. 2.14 million visitors came to Nova Scotia in 2003. This generated \$1.27 Billion in revenues for the people of Nova Scotia.

In the past ten years we have seen revenues increase to the province from \$820 million in 1993 to \$1.27 Billion in 2003, with an average annual growth of 4.23%. In 2002, growth increased by 10% in revenue for the province.

There has been a growth over the past year from our Ontario visitors. Visitation rose by an impressive 10% to 410,400 visitors. The Western Canadian Market grew by a strong 8% to 115,900 visitors. The number of visitors from the UK grew by 19% and from Germany, visitation grew by a massive 25%.



Source: Tourism Insights, Nova Scotia Tourism, January 2004

A number of years ago, the US Chamber of Commerce compared the relationship of 100 tourists a day to 100 manufacturing jobs in any given community. Manufacturing jobs require countless services such as schools, water and sewers, while Tourism visitation

provides export revenue, new dollars, tax and HST while requiring millions less in infrastructure services.

Tourism is **EVERYBODY'S BUSINESS**. It calls for inter-ministry working relationships. Tourism is multi-disciplinary requiring cooperation from Transportation, Natural Resources, Agriculture, Fisheries, Forestry as well as other departments and agencies. The domino effect, of decisions without consulting Tourism interests, demonstrates the results in disjointed development, inadequate air access, and excessive regulation - all having a major impact on Tourism.

Government should be assisting the small business community - which tourism is, especially in this province (only 8 percent of our 6500 enterprises have more than 50 employees) and removing constraints that impede growth and prosperity which have immediate return. Each time the Tourism cash register takes in one dollar, 15 cents goes to the government in HST.

We need government to fully endorse Tourism, loudly.

A new approach and vision would enable the Tourism Industry to continue to lead our province on a new path of prosperity.

The future, the trends

Travellers will seek out new destinations and experiences, using the power of the Internet to research the products that are available, from the comforts of their own home. And they will make more trips to more, different destinations than ever before. Our current market share is small and the competition is strong. Affordable air travel and the Internet means that we are competing in a global marketplace against destinations like Australia and New Zealand, and experiences like cruising, all of which spend many, many times more on marketing than we do.

We are in an excellent position to take advantage of this growth.

The new global competitive environment has created challenges for Nova Scotia, challenges which require investment in both product development and marketing. We have to make sure that visitors can reach us, by improving air, roads and ferry access. We need to provide the right products for the right markets. We need to achieve high standards of excellence throughout all aspects of our industry. And, we need to market our products in an increasingly competitive marketplace.

If we are to be successful - to take the golden ring - and make the most of the Tourism potential we have **to invest the resources**: new investment in product is crucial; resources to expand our capacity, improve our products and develop new ones; resources to increase the awareness of Nova Scotia as a travel destination; resources to close the sale; resources to attract a bigger share of a growing market so that all Nova Scotians can profit from the revenues and jobs that tourism can generate.

The Tourism Industry in Canada is highly organized like no other. It has defined itself, set standards for its workforce, devised a means to reward performance, developed workplace tools, a technology platform and a means of marketing recognition of place. The 21st century is a question of balance and the search for balance.

Nova Scotia must decide if it is in the Tourism Business and where is it going. It must be embraced and it must be treasured. Tourism is a resource. It is this because it is what we are as a people and as a culture. It is because we have a bountiful history and a magnificent natural and built landscape. We have a crown with many jewels. We must decide how far to go.

Responsible Tourism is a question of balance. It shares and protects.

We must:

- determine our carrying capacity
- protect our coastline
- conduct Tourism impact analyses on all development projects in the same way we do environmental impacts
- manage to enjoy the riches and protect the future and proceed with strength of purpose

Trends

Global research identifies the following as critical trends for the 21st century. We have anticipated them in Nova Scotia.

- **Leakage** - of dollars and profits as we see more multinational corporations coming into Nova Scotia. And people - while Tourism is a people intensive industry and private sector will create jobs, we need a strong business environment to encourage investment.
- **Americanization** - the temptation to emulate theme parks, movies, internet distribution technology. Robert Kennedy, Jr. told us we must be stewards and preserve our uniqueness if we want to continue to draw the world.
- **Globalization** - impacting on environmental and consumer protection regulations, changes in currency (euro), broadening of the European Union providing new and reasonable destination, aviation policies.
- **Security** - of visas, border control - recognition of the impediments to the flow of people and goods.
- **Taxation** - some countries and states are providing tax breaks to the Tourism Industry; others are taxing travellers, forgetting that visitors do vote with their feet and their vocal cords - such items as airport departure and hotel levies need serious consideration and measurement prior to implementation.
- The Tourism Industry needs assistance to encourage growth, and to extend the season. Business Occupancy taxes are a detriment to small business. An assessment change from \$12,000 for a five month operation to \$41,000 if the operation opens for occasional business in the winter months discourages year round business activity and encourages the underground economy.
- **Employment** - respectability and recognition will attract a qualified workforce that will have great mobility and there will be a growing demand for language skills. And also the cost avoidance - if we don't invest and create Tourism jobs, the cost of social programs will go up.

- **Safety** - concerns re: crime, political problems, terrorism, will see a marked increase to search and visit areas that do not have them - safety and economic stability have already become a product that will continue to affect market share.
- **Organized crime** - global money laundering in a cash dominant industry through casinos and real estate will continue.
- **Technology** - the most significant change is the evolution of the economic landscape from the industrial revolution to the technological age and now to the entertainment and media era. Entertainment and media will be the driving forces behind a great deal of change in the next decade. The growth of e-commerce is affecting distribution and purchasing of all goods and services.
- The revolution in communications and multimedia convergence will provide the richest source of information and entertainment ever available to a society. There is opportunity and risk - opportunity to reach millions of potential customers effectively and the risk of falling behind if we don't embrace it. The balance comes on how we let it affect our culture, and our philosophies.
- **Environmental issues** - a strong environmental ethic is at the heart of the Industry's future success - the difficulty is the impact of other industries not keeping pace. The Industry is very conscious of the federal government's move to support a green industry while market studies report the consumer will come to a region that protects, preserves and celebrates its heritage.
- **Airlines and aviation** - the global power of airline alliances parlaying into code-sharing, joint purchasing, database marketing reduces capacity. Privatization of airports and airlines will continue. Canada needs a new foreign air policy.
- **Public/private sector alliances** - will grow with the realization an item sold to a tourist is an item exported, with access to database becoming critical, forcing partnerships - growing links with associate and supporting industries such as agriculture, retailing, arts/culture.
- **Branding** -by large chains reducing individuality - making financing and renovations more accessible and possible.
- **Cruise and marine tourism** - throughout the rivers, seas and oceans - British research reports 1/4 million people took a canal cruise to escape stress. Canal boating is twice as popular as a day at an amusement park and as good as a weekend at the seaside. Think of our rivers and the potential of areas such as the Annapolis.
- **Holiday trends** - will continue to be shorter and more frequent holidays based on time constraints and job insecurities. This will continue to greatly affect Nova Scotia unless we see marked improvement in air access.
- **A new customer** - in the age of less tolerance (or more kindly the age of higher expectations). Technology and telecommunication improvements and their ease of access will be the nurturing force behind this new era. Driven by the rapid shift from static media to interactive digital, the **customer expectations** are profoundly

increased. The new age ushered in by the baby-boomers who are well-educated, well-financed, well-travelled and used to instant gratification.

Constraints and Barriers to the Business of Tourism

- **Infrastructure Investment** - The Nova Scotia plant is tired. Financial assistance (loans) are difficult to obtain from any source. The New Brunswick government has put in place provision for upgrading dollars.
- **Financing** - The Industry has found it impossible to arrange financial assistance (**loans, not grants**) for capitalization, improvements, succession, etc.
- **Human Resource Shortages** - The Industry is facing a severe shortage and a major employment crunch in both skilled and front line occupations. As the Industry grows, strategic planning to meet its human resource needs is required.

The TIANS Human Resource Council has, over the past 10 years, introduced many tools to increase workplace professional development and to recruit through its Career Awareness Program, Scholarship and the Careers for Youth initiative.

Government policy needs to address this issue to strengthen and support initiatives which draw employees into the Industry and retain employment. Consideration must be given to the impact of payroll subsidies to other sectors which have a detrimental (domino) effect on the availability of employees in the marketplace. Payroll expense to business needs attention – Minimum exemptions are required on Employment Insurance.

- **Re-regulation**
 - Motorcoach - Safety and liability are paramount, but the archaic regulations do not make us competitive and Industry is finding ways around the existing regulations, which are dangerous to the visiting public.
 - Retail Hours of Operation - The Industry is not requesting Sunday Shopping. The Industry question is why one segment of the Industry is regulated while others are not. A business operator should have the ability to decide their hours of operation. This is being open for Business based on customer and market demand.
- **Protection and Conservation**
 - Nova Scotia Coastline - Our access to our coastline is diminishing.
 - Lighthouses, Wharves, Navigation Aids - While a federal responsibility, intervention is required to ensure the preservation of lighthouses and the safety of our boaters.
 - Land Use - The Tourism picture needs consideration with respect to the integrated resource management plans for crown lands. Sustainable forestry practices should be developed based on Tourism input. Any future policies governing public land use should be developed in concert with the Tourism Industry. All development requires Tourism Impact Considerations.
- **Marketing**

Consideration of Marketing as an **investment instead of an expense**. The return on the dollars spent is exceptional - bringing new dollars into the province, particularly export dollars - the answer for extra funding for hospitals and schools.

The dollars from Tourism are new dollars and provide employment in rural communities.

▪ **Privatization**

- Licensed Beverage Sales - TIANS asks the government to examine the potential of additional revenues through the sale of its retail operation of beer, wine and liquor. New Brunswick and Prince Edward Island have partial privatization and 7-day access.
- In any case, TIANS calls for the elimination of the levy on liquor purchases, wholesale pricing and clarity and disclosure of pricing policies.
- Inspection / Regulation - The Industry is undergoing regulations from all areas, water inspection and Occupational Health and Safety.

▪ **Transportation**

TIANS supports a national highway strategy.

- Infrastructure
 - Secondary roads not covered by federal funding need attention.
 - The Halifax International Airport will need continued support to eliminate airport rents. It must be part of the community and invoke a sense of place on arrival and departure. It can be a Nova Scotia icon.
 - The Atlantic Trade Corridor initiative is an opportunity for federal dollars and strategic planning.
- Air Access

Nova Scotia needs a government that will champion an international Eastern Gateway in Nova Scotia. It is time to take a very strong position on airlines and air access that will meet the Nova Scotia trade and Tourism industries' expectations.
- Ferries
 - Travel by ferry to Nova Scotia is part of the experience for those who favour to arrive by this mode. Support for other ferries and the need for coastal waterways is obvious.
 - TIANS has strongly supported Newfoundland and Labrador's concerns with the expansion and enhancement of ferry service between Nova Scotia and their province.

▪ **Assessment / Taxation**

The fair and equitable property tax is a goal of TIANS, the municipalities and Municipal Affairs. Business Occupancy effects on small business deter year-round tourism activity however its elimination will affect property.

▪ **Impact Studies**

TIANS calls for Tourism Impact Studies on all development projects, particularly on projects that effect our natural landscape.

▪ **Environment**

- TIANS has produced **A Question of Balance**, conducted Energy Management seminars, is a member of Green Globe and conducts eco certification of businesses. TIANS is the secretariat of the Nova Scotia Adventure Tourism Association and the Ecotourism Development Foundation, and a member of the Nova Scotia Environmental Association and the Public Lands Coalition.

- It is not enough. Environmental concerns are closely linked with Tourism sustainability and we must ensure that the environment is protected. This leads to support for protected places and impact studies on development.
- **Festivals & Events**
Support our communities and celebrate our history. Support is crucial. Our Industry thrives because of the huge volunteer commitment, but if we are to star on the world stage, we must provide direction. Industry needs to nurture this sector and provide corporate sponsorship.