

# GLOBAL COMPETITIVENESS

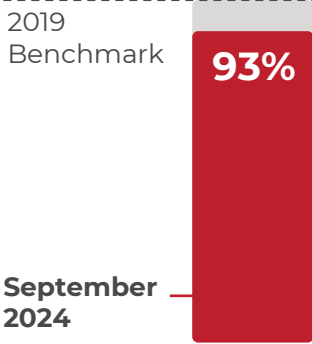
**THE PROBLEM:**

Despite the resurgence in global travel, Canada is losing ground as a destination of choice for international travellers.



**INTERNATIONAL TRAVEL IS UP 20%** (Q1 2023 – Q1 2024)  
**YET CANADA CONTINUES TO LAG**

**INTERNATIONAL ARRIVALS**



**INTERNATIONAL BUSINESS EVENTS**



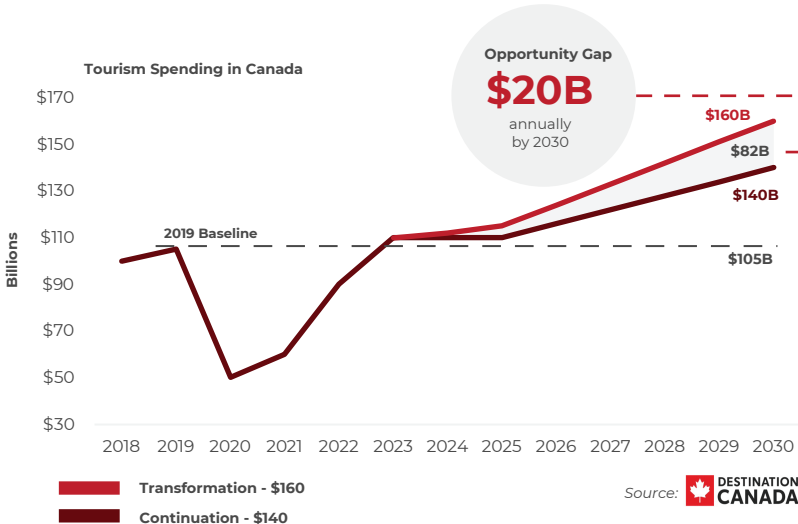
▼ **21%**  
below 2019

**INTERNATIONAL DELEGATES**



▼ **6%**  
below 2019

**THE OPPORTUNITY GAP**  
**UNLOCKING \$20 BILLION ANNUALLY BY 2030**



# GLOBAL COMPETITIVENESS

## DECLINING DEMAND AND PROFIT PRESSURES OCCUPANCY AND TRAVEL INTENTIONS DECLINE AMID INFLATION AND CONSUMER UNCERTAINTY



### Shrinking Canadian Travel Budgets in 2024

2024: 26% vs. 2023: 10%  
(Source: Angus Reid)



### Hotel Occupancy

**-0.04%**

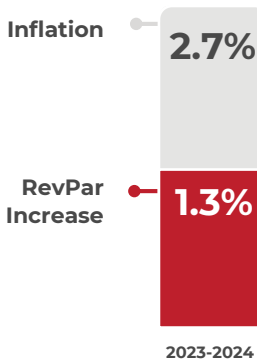
July 2023-2024  
(Source: STR)



### Weak Consumer Confidence and Group Demand Signal Continued Occupancy Challenges

(Source: STR)

### Inflation Outpacing Hotel Revenue:



### Pressure on Operating Costs:



↑ **34%**  
**Food Price**  
Increase  
2019-2024



↑ **9%**  
**Energy Price**  
Increase  
2019-2024



↑ **3.25 p.p.**  
**Interest Rates**  
Jan. 2019- Jan. 2024  
Bank of Canada  
Prime Rate



↑ **WAGES**  
**82% of HAC**  
Members  
**Raised Wages**

## **HAC** Recommendations

- Invest in **international tourism marketing through Destination Canada**, including the expansion of the International Convention Attraction Fund (ICAF) program for another \$10M.
- Create a **competitive investment climate** for hotels, by:
  - Adjusting capital cost allowance rules to allow 100% write off in year 1
  - Including mixed-use projects in CMHC housing programs, such as mortgage insurance
  - Modify changes to the capital gains tax
- Boosting **investment in critical tourism infrastructure**, such as conference spaces and transportation.

