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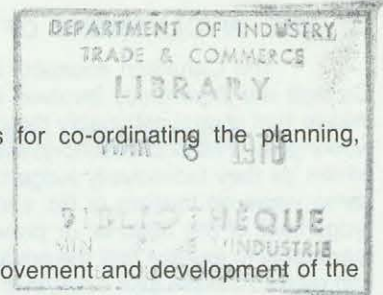
DISCUSSION PAPER



Canada. Dept. of Industry, Trade and Commerce

THE ROLE OF GOVERNMENTS IN TOURISM

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A. INTRODUCTION

In most countries, governments at all levels have established agencies for co-ordinating the planning, development and marketing of their tourism industries.

The general reasons for such involvement are:

- 1) to increase revenue, employment and investment through the improvement and development of the tourism industry, and the marketing of the "tourism product";
- 2) to provide citizens and visitors with fulfilling "travel experiences";
- 3) to promote understanding within a country and between nations.

The absolute magnitude and the growth potential of tourism expenditures necessarily involve governments. The competition for these expenditures commands a need for centrally co-ordinated planning, development and marketing activities.

The nature of the industry is such that co-ordination is a principal purpose of government involvement. The elements of the industry are fragmented and heterogeneous; e.g., transportation, accommodation, food services, events and attractions. Most of the enterprises are small. Their best interests and those of governments warrant specific government effort to optimize co-operation for mutual benefit.

Governments in Canada are reassessing the potential of tourism for alleviating economic and employment difficulties in the country and stimulating growth.

B.I REASONS FOR THE INVOLVEMENT OF CANADIAN GOVERNMENTS IN TOURISM

Governments in Canada are involved in tourism to achieve the three goals listed above. A sampling of their legislative mandates is attached as Annex "A".

Governments are also involved in tourism because the natural competition amongst parts of the country for the tourist dollar does not necessarily optimize respective government interests.

B.II TYPICAL FUNCTIONS OF GOVERNMENTS

- 1) co-ordinating the fragmented elements of the industry to achieve economic, recreational and social goals;
- 2) promoting the total travel experience of the country or a region because the private sector primarily promotes its individual facilities and services;
- 3) giving leadership to private operators;
- 4) strengthening weak elements of the industry;
- 5) serving as a catalyst to the growth and development of tourism;
- 6) optimizing the use of resources.

Governments through their marketing and development capabilities exercise leverage on private enterprise:

- 1) to achieve governmental objectives faster and more efficiently, using combined technical, financial and human resources;
- 2) to achieve broader objectives (e.g. national or regional economic development and employment generation) than the limited objectives of private enterprise;
- 3) to influence priorities of private enterprise, the better to achieve the objectives of governments.

Typical government operations comprise marketing and industry development. Details are attached as Annex "B".

C. THE INVOLVEMENT OF THE PRIVATE SECTOR

The Canadian economy is a regulated market economy. In this context, though all levels of government in Canada are importantly involved in tourism and have a significant impact on the industry, it is the private sector *en masse* that is unquestionably the predominant participant in the provision of facilities and services. Consistent with the workings of a market economy, whatever their size private entrepreneurs traditionally pursue their respective business affairs as they individually judge their self-interests best served. They do not necessarily or automatically share the same views on tourism or the same goals in policy as governments in Canada which distinctly apply the criteria or judgement of the national or provincial interest. The challenge to government, then, as indicated earlier, is to give leadership to tourism that the private operators will in the main follow, to implement programs to which the private firms can relate, to serve as a catalyst in efforts deemed important to the growth and development of tourism in Canada while attracting private participation positively.

Governments have increased greatly their interface with the private sector to ensure a full degree of co-ordination, wherever possible, between the strategies of the public and private sectors. Strategy meetings are held with the major Canadian companies and with the associations that represent the main interests in the industry to ensure that they are aware of the direction of governmental strategy allowing for co-operative and co-ordinated programs.

Current expression of the private sector's conviction of the importance of the role of governments in tourism in Canada is contained in the brief presented in October 1977, to the Minister of Industry, Trade and Commerce by a group of 13 senior businessmen broadly representative of the travel industry, and in resolutions of the 1977 Convention of the Travel Industry Association of Canada.

D. CONCLUSION

For the reasons indicated, tourism in Canada is a matter of national, provincial, municipal and private sector interest. It is important that governments be involved in pursuit of their respective objectives. Achievement of these objectives requires close collaboration with the predominant private sector.

ANNEX “A”

A SAMPLING OF EXISTING LEGISLATIVE MANDATES AND PROGRAM OBJECTIVES FOR TOURISM IN CANADA

1. CANADA

Legislative Mandate:

Department of Industry, Trade and Commerce Act R.S.C. 1970 I-11

The texts of the most relevant sections are as follows:

Section 4 — The duties, powers and functions of the Minister of Industry, Trade and Commerce extend to and include all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the Government of Canada, relating to

- (a) ...
- (b) Tourism; and
- (c) ...

Section 5 — The Minister of Industry, Trade and Commerce shall

- (a) promote the establishment, growth and efficiency of manufacturing, processing and tourist industries in Canada, contribute to the sound development and productivity of Canadian industry generally and foster the expansion of Canadian trade;
- (b) through (e) ...
- (f) analyze the implications for Canadian industry, trade and commerce and for tourism of government policies related thereto in order to contribute to the formulation and review of those policies;
- (g) ...
- (h) promote the optimum development of income from tourism and compile and keep up-to-date detailed information in respect of the tourist industry and of trends and development in Canada and abroad relating to tourism.

CGOT TOURISM PROGRAM OBJECTIVES

- 1) The objective is:
 - a) to sustain orderly growth of tourism in Canada.
- 2) Sub-objectives are:
 - a) to increase the total effective demand for Canadian travel facilities and services;
 - b) to expand and increase the efficiency of the Canadian travel industry;
 - c) to contribute to the maximum co-ordination of federal, provincial and private activities bearing on tourism;
 - d) to provide and maintain a centre of information on tourism.

2. ONTARIO (Provincial Example)

Legislative Mandate:

Ministry of Industry and Tourism Act

Section 3 — Objectives

- A. Stimulate employment and income opportunity through effective development of industry, trade and tourism.
- B. Promote growth, efficiency and improvement of industry, trade and tourism.
- C. Develop and carry out special programs such as:
 - i) adaptation of industry to changing conditions, techniques, etc.;
 - ii) identify and assist those industries with special problems of adjustment.
- D. Participate with other jurisdictions, agencies and organizations to make plans to create, assist and develop material and human resources.
- E. Encourage and promote improvement in standards of accommodation, facilities and service offered to the travelling and vacationing public.
- F. Publicize the tourist industry, resources, attractions and advantages of Ontario.

TOURISM PROGRAM OBJECTIVE

The Division of Tourism's goal is to increase tourism revenue and employment through the systematic improvement, development and promotion of Ontario's tourism industry.

3. EDMONTON (Municipal Example)

In 1966 City Council approved the formation of a Department of Business Development with the following purpose:

The primary purpose of the department is to develop and carry into execution a comprehensive program to attract and facilitate all aspects of economic and industrial growth in and around Edmonton, it being understood that this activity would include tourism promotion.

In developing these objectives, the department would involve itself in all aspects of resource development, trade, industry, commerce and tourism insofar as these subjects affect the economic well-being of the Edmonton community.

ANNEX "B"

TYPICAL GOVERNMENT OPERATIONS

1. Marketing

Research and Analysis

Marketing Intelligence:

- to identify major markets for the Canadian tourism product;
- to identify the motivation and expectations of potential visitors.

Product:

- to identify quality, quantity and ability to provide travel experiences to satisfy visitor expectations.

Communications

Advertising:

- paid use of mass media to create awareness, project image and make product offering.

Publicity:

- free placement of editorial material in mass media to disseminate information about destination, events, attractions, etc.

Promotions:

- contests, shows, point of purchase material, etc., to stimulate interest in travel to and within Canada.

Films:

- dissemination of travel films in Canada, the United States, Europe and Asia.

Field Operations

- offices in domestic and foreign markets to serve the travelling public and the travel trade.

Public:

- travel counselling and information dissemination.

Trade:

- tour development activities with wholesalers, co-operative promotions with tour operators, seminars for retail travel agents, and promotional aids dissemination.

Receptive Services

- federal customs, immigration, etc;
- provincial reception and information centres
- accommodation, events, attractions, dining facilities.

2. INDUSTRY DEVELOPMENT

Research and Analysis

- to provide statistics as to tourism's dimensions, pattern and impacts — economic, social, environmental, etc.;
- to forecast trends as a basis for policy and program formulation;
- to determine the travel industry's performance, and the efficiency and effectiveness of various sectors, programs and market penetrations to facilitate decision making;
- to establish essential inventories as to key industry facilities, attractions and services;
- to establish a data base with input and output elements to serve determined needs.

Planning

- to plan, develop and recommend industry and development policy;
- to co-ordinate program planning and monitoring of performance of related programs;
- (variously by governments concerned) to formulate tourism development policy, strategy and assistance programs on a country-wide basis, regionally and locally;
- encourage preparation of development "overviews" to assist in determining overall tourism development opportunities and problems, determining priority projects for implementation.

Development Initiatives

- to identify and initiate actions toward the solution of pervasive industry problems (horizontal), i.e., transportation policies, price competitiveness, manpower quality, financing, incentives, etc.;
- to consult as to plant development problems, i.e.; destination areas, standards, management methods, events and attractions, etc.; relate to development strategies and seek ways of resolution; identify concerned participants, resources from other programs, etc.;
- to take account of environmental resources, needs for protection, etc.;

- to preserve cultural and historic resources;
- to stimulate regional economic development;
- to look to the protection of tourists as consumers;
- to encourage the establishment of standards and assist the upgrading of hospitality and reception facilities and services.

Information/Industry Relations

- ensure an ongoing information activity designed to bring about necessary awareness of tourism, of the travel industry, etc. in order to generate more interest, decision making useful to tourism and to attract investment;
- to encourage improvement of techniques and practices to increase the industry's efficiency and effectiveness;
- to maintain mechanisms for exchange of information and collaboration on programs with other governments and the many sectors of the travel industry including representative associations.



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