



# Keeping Inn Touch

Newsletter of the Innkeepers Guild - [www.innkeeperguild.com](http://www.innkeeperguild.com)

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70 Years of Professional Innkeepers and Quality Properties



## Editorial

Peter Sheehan

The 2011 season is here. We all know that Tourism is really a very highly seasonal business, so you are likely now watching to see how the reservations for 2011 compare to 2010.

Times have been tough in some locations. Some locations have annual events that will always help stabilize room sales. Our provincial governments prefer that we count the number of visitors "this year" as compared to "last year". It almost seems the provinces do not want to talk dollars. You need to know your sales and your expenses over a longer period, maybe 3-5-10 years to know the trends for your business. We need government to talk the same language as the business owners. If sales in tourism are not increasing, then we all need to find out why and fix it.

As an example, provincial tourism management will treat a cruise ship visitor the same as any other visitor, even though 99% of cruise ship visitors do not "buy" a room or stay overnight. So while the number of visitors is one number, it is the room nights sold that really count.

You'll have to do some research yourself to find the provincial numbers that will show the trends over the last ten years. You need to look at the numbers from two angles, first for your area and then for your **product line**. (We call the "product" the different categories of rooms; we have hotel rooms, motel rooms, Inn rooms, Cottage units, B&B rooms and even the hostel room and campground sites.)

It is your room sales that generate the sales tax revenue for your province, in addition to your property tax, room tax levy raises revenue for your municipality. This begins a process we'll call "the money flow". It is not very open and transparent where your money goes and who looks after it, but we see signs that tourism contributes

far more than it receives. For example, we see the number in Nova Scotia: Tourism generates \$225 million in revenue. Now Nova Scotia spends about \$12 million in advertising, so to a degree the province has a "profit" of \$ 213 million. PEI generates \$42 million in sales tax revenue. We cannot find the figures on the revenue that some of the municipalities are collecting in room taxes.

The next part of the puzzle is to try to understand just - **who is talking to whom** and **who claims to represent you and your business**. Who talks to you about what you may need or want to improve in your business? Is it your Municipality? Your provincial government? A local association? Or a larger association such as the Innkeepers Guild? The point being, maybe it's time to have long hard look at "who is running the show", "who is at the table?"

Far too many things seem to "just happen" in tourism while business owners are left out of the loop, yet it is the accommodations owners who are paying the taxes and fees.

The Licensing issue in NB resulted in the government abolishing licensing, but did the owners agree? In NS, the government also wants to abolish licensing, again this was never accepted by the owners. There is still no action which addresses the problem of the "illegal" tourism accommodations, which results in an increasing loss of municipal taxes, HST, and room taxes, as well as compromises our efforts to only offer "quality" accommodation.

It seems we have a situation where the tourism accommodation owners are just not at the table when our provincial and municipal governments decide on budgets and tourism economic plans. The business objective of an owner is sales and profits, government can't improve their finances if tourism is allowed to decline; today technology makes it so easy to talk to the owners but it seems we have a disconnect.

## Watching the Numbers

The Money Flow: Tourism in Nova Scotia is touted by government as a \$1.8 billion dollar major economy and industry. Sounds good. Tourism is generating over \$225 million in sales-tax revenues annually and employs 34,000 (TIANS-Herald Feb 5,2011). This begs the question: Where does this \$225 million get spent and how much comes back into the tourism economy? And back to the tourism businesses?

Room Nights Sold:	2000	2010
Nova Scotia:	2,551,600	2,528,000
Occupancy Rate:	57%	47%
NS Hotels:	1,290,700	1,487,200
NS Motels:	695,800	492,000
NS B&B's:	91,400	59,000
Cape Breton:	450,330	393,600

  

	2009	2010
New Brunswick:	1,702,533	1,710,803
Occupancy Rate:	51%	51%
Saint John:	317,270	295,069

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## Innkeepers Guild

### The Organization

The Innkeepers Guild remains a membership-based organization. You may not realize this, but several 'tourism associations' are quietly changing their legal structure; some no longer have a membership let alone a voting membership. Some now 'select' their Board of Directors and no longer elect their Board. For the tourism business owners, this is critical, as if a so-called association is claiming to 'represent you' or is obtaining government funding to represent you. The general understanding has been that our tourism 'associations' are member-based. We see many 'associations' really have no voting members, yet they continue to talk to government or receive government funding, and still claim to 'represent you' or your region. Don't they need a legal contract with you, to represent you? Have a look at your regional tourism organization if in doubt.

We have some tourism associations that are actually calling themselves an association but are legally a private company.

In this day and age, you would think communication is easy, that we can keep up to speed with our members, with what is on their minds, or what problems they need help with. In an effort to increase and improve our communication with members, we want to remind you that we too rely on technology to a great degree, far more than meetings, so feel free to email any suggestions or ideas you have any time to: [admin@innkeeperguild.com](mailto:admin@innkeeperguild.com).

## Tourism Issues

### 1. Ferry Systems

We are now in the second year without a ferry link between Nova Scotia and the USA with no sign of a replacement. Do not forget this ferry connection was cancelled solely by a decision taken by the Minister of Tourism for the province of Nova Scotia, in late 2009. We are now seeing several province-wide negative economic impacts in tourism, and other economies.

In Tourism, room sales in this region have fallen from 90,900 in 2000 to 59,700 in 2010. The number of tourism businesses open has decreased, tourism employment has decreased to the point the Province is laying off instructors and closing the Tourism Management Course at the Community College in Yarmouth - [Read The Article](#)

This ferry file illustrates that tourism is just not being treated as a valued economy in Nova Scotia. The Nova Scotia government also wants to "divest" itself of three so-called "signature resorts" and you see another step being taken that erodes the value of the Nova Scotia product and image in the marketplace.

Tourism business owners need to really ask themselves the question: "Exactly how is the provincial government, with decisions like these, helping me increase sales in my business?" Who is at the table inside government, making these decisions?

### 2. Nova Scotia Accommodations & Campground Licensing

Licensing in New Brunswick in 2004-2005 was an issue. Licensing was seen by the business owners as the single way to solve the problem of the numbers of illegal rentals in the tourism economy. It was the same situation in Nova Scotia and Prince Edward Island. Let's be very clear here, the core problem was the "illegal" vacation rentals, this problem has not been resolved in Nova Scotia or New Brunswick, if anything it has become worse.

The New Brunswick solution was to stop licensing, that did not reduce the number of illegal properties in the marketplace and did not help the legal businesses improve their room sales.

The Nova Scotia solution was going to be the same, but the legislation to repeal the Tourism Accommodations Act did not proceed in 2008. We now have a bit of a mess. We have an Act that requires licensing and also sets provincial standards, neither of these provisions of the Act is enforced.

This is not good governance - working to resolve the financial damage caused by the "illegal" and underground vacation rental economy which still steals revenue from the "legals", and basically takes revenue from the municipalities. It also means provincial quality is at risk as it increases the numbers of products on the market that are not inspected, nor subject to any quality standards; yet still is able to take advantage of all the provincial advertising.

The numbers speak for themselves. Room sales are declining in many areas where we find the illegals, especially the seasonal locations in coastal areas, the exact areas where we cannot afford to see employment opportunity decline.

### 3. Rating Systems & Quality Programs

We now have "New Brunswick Approved" in operation, which has a \$99 annual fee. The Canada Select option in New Brunswick has fees that start above \$300. The "Nova Scotia Approved" program is also in operation but the fee has yet to be set, owners still cannot weigh the option to use Nova Scotia Approved until we know the cost.



## Tourism Issues Continued

### 4. The Room Tax/Levy

The room tax/levy is still very much misunderstood in many locations. Once again, it seems that the tourism accommodations owners who collect the tax and who are supposed to be the prime beneficiary are just 'not in the room'.

Room taxes have been used in several states in the USA, and in several urban centers in Canada. Only in Nova Scotia does a room tax apply to groups of municipalities, i.e. cross municipal lines. The general concept is that the Municipality collects the tax, and transfers it to an "organization" - the Nova Scotia legislation uses this term.

From what we can determine these organizations, who like to be called "destination marketing organizations" or DMO's, are not organized as you may expect. In some cases, but not all, they have a membership of tourism businesses. In other cases they do not elect their Board of Directors. If there are no members and there is no elected Board of Directors doesn't this make you wonder who is managing your tax dollars that are supposed to market your product.

A room tax/levy should be used to produce an increase in room night sales, since it is, the room night sales that create the revenue. Only the accommodation business collect this tax yet all other businesses get to "buy into" the advertising schemes. The owners who collect the room tax/levy should have some involvement in deciding on how that revenue is spent.

### 5. Membership Status

In the near future we will be updating our mailing lists. We will then adapt our Newsletter format so there will be a "Members Only" edition. If you want to stay in the loop, please reconsider and renew for 2011. We are the least expensive association, and we are the only association to represent all types of properties and we'll work for owners in any province if we are asked.

We remind you of the benefit of your two listings on our website maps, one based on "Where to Stay" and one based on "Where to Play". If a member does not renew, you also lose access to our insurance and propane discount opportunities. If you have not renewed, please go to [Membership](#). This is the lowest membership cost, the only membership that provides two website listings, and well the ability to advertise "Specials & Packages" and "Menu".



### 6. Advertising & Marketing Advice

The Internet offers you many ways to compliment your advertising. One recommended website is "Trip Advisor" - many of our members find that Trip Advisor attracts many questions in their Forums about Atlantic Canada destinations. Their reviews are also gaining popularity as a reference for travelers.

### 7. New Advertising Opportunity

#### Special Offers & Packages

We are now offering our members the ability to post "Special Offers" and or a "Packages" on our website.

Have a look at [Special Offers](#). To take advantage of this, send your text and or images to [info@innkeeperguild.com](mailto:info@innkeeperguild.com).

Please make sure you quote the time-frame for your special or package!

#### Advertising Your Menu

For those of you who wish to advertise your menu, we can also offer that service. Although we prefer to have your menu in PDF format, we can also work with other formats - Word Documents, or JPEG images. The menu will be posted to the Innkeepers Web Site and linked to your listing and your web site. Email your menu to [info@innkeeperguild.com](mailto:info@innkeeperguild.com) at your convenience.

## Postal Address Change

Our postal address has changed to:  
Innkeepers Guild,  
Box 2035, Pictou,  
N.S. B0K 1H0

## Tourism: Issues & Ideas

We offer a chronological history of several tourism related topics on our website at [Membership](#).

## Keeping Inn Touch

Keeping Inn Touch is a tourism business newsletter published by the Innkeepers Guild since 2004.

To see previous issues, please go to our [Archive](#). Certain issues are subject to password protection which requires your membership number. If you forgot your membership number contact [info@innkeeperguild.com](mailto:info@innkeeperguild.com).

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