

**Written Submission for the Pre-Budget  
Consultations in Advance of the  
Upcoming Federal Budget**

**Tourism: A High Potential  
for Economic Growth**

Submitted by:  
The Tourism Industry Association of Canada

October 8, 2022

## List of Recommendations

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*To help attract and retain a sustainable tourism workforce, that the Government:*

**Recommendation 1:** allocate \$10 million and \$5 million per year, respectively, to targeted domestic recruitment campaigns and an Indigenous Workforce Strategy.

**Recommendation 2:** allocate \$2 million over two years to increase the number of tourism and hospitality high school programs; \$6 million over three years to modernize post-secondary tourism programs; \$25 million over three years to launch comprehensive national tourism “job ready” bridging programs; and \$6 million over three years to invest in skills development and training.

**Recommendation 3:** contribute \$3.5 million per year in support of THRC’s operations to enable it to effectively carry out the important role of oversight in redressing labour shortages.

*To improve access for visitors to and within Canada, that the Government:*

**Recommendation 4:** allocate additional resources to support the greater adoption of biometrics and the use of other digital tools, such as E-Gates, to improve pre-board screening wait times and congestion at airports as well as invest in the Canada Electronic Travel Authorizations program to harmonize and streamline a number of Canadian-recognized global security agreements.

**Recommendation 5:** take a leadership role in redeveloping routes to reconnect Canada via motor coach and provide financial support to private operators through new programs and/or by earmarking 5% of the federal transit investment to support operators.

*To develop and promote tourism assets, that the Government:*

**Recommendation 6:** introduce a suite of financial measures to support the creation, maintenance, and refurbishment of tourism assets, including a new tax credit for retrofits and upgrades; a new Capital Cost Allowance allowing 100% of an investment in new hard assets and major renovations to be claimed in the year in which it is incurred; the establishment of pools of public lending capital for the creation of new assets and major renovations at competitive rates and amortized over 30 years; introduce a dedicated federal mortgage insurance program to reduce risk for Canada’s private financial institutions; and establish new grants and non-repayable contributions to encourage the development of new, sustainable, innovative assets, particularly in underserved, rural and remote areas.

**Recommendation 7:** allow airports to retain and then reinvest the ground rent they now pay to the treasury into the development of world-class sustainable airports.

**Recommendation 8:** increase its annual allocation to DC to a level on par with its counterparts in other countries and commitment to those new resources for 5 years.

**Recommendation 9:** introduce a National Meetings, Incentives Conferences and Events Fund and allocate \$80 million per year.

**Recommendation 10:** encourage its Regional Economic Development Agencies to provide greater assistance to DMOs.

*To build a regenerative and inclusive tourism sector, that the Government:*

**Recommendation 11:** invest in regenerative tourism by introducing programs in support of businesses for new sustainable initiatives and retrofits across the country.

**Recommendation 12:** introduce new tax credits for businesses that develop specialized recruitment programs for equity seeking groups and allocate resources for the implementation of an Indigenous-led workforce strategy.

## Body of Submission

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TIAC is the national advocate for tourism in Canada. Acting on behalf of thousands of businesses across the country, we promote policies and programs that foster tourism's growth.

Tourism is massive, globally. Prior to the pandemic, it was one of the world's largest sectors, accounting for 1 in 4 of all new jobs created in the world, 10.3% of all jobs (333 million), and 10.3% of global GDP (USD \$9.6 trillion). International visitor spending amounted to USD \$1.8 trillion in 2019 (6.8% of total exports).<sup>1</sup>

Despite the pandemic, tourism demonstrates a very high potential for strong growth into the future. After a 50.4% decline in the global sector's contribution to the world's economy, tourism recovered by 21.7% in 2021. The global economy, by comparison, increased by 6.7%.

Tourism enables socio-economic development, job creation and poverty reduction. This in turn drives prosperity and has a significant positive social impact, providing unique opportunities to women, minorities, and young people. And the benefits spread far beyond its direct GDP impact and employment, with indirect gains extending through the entire travel ecosystem and supply chains to other sectors.

As such, fostering tourism in Canada is critically important. In addition to the benefits noted above, tourism plays an important role as head ambassador on the global stage in sharing Canada's values and principles and is crucial for fostering social cohesion.

Investment in tourism will result also in significant ROI for all levels of government which, in turn, benefits all Canadians. We note that Statistics Canada calculated total government revenue attributable to tourism to be \$28.4 billion in 2019<sup>2</sup>.

Despite some improvement over the last few months, tourism businesses continue to struggle financially, face barriers to attracting investment and have considerable challenges attracting and retaining the necessary workforce to run their operations.

We now face new challenges – disruptions in supply chains; inflation at a 40-year high; and rising interest rates.

In a recent submission to Minister Boissonnault<sup>3</sup>, TIAC outlined key priorities to help tourism rebuild from the pandemic and best position it for growth.

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<sup>1</sup> World Travel and Tourism Council's *Travel and Tourism Economic Impact 2022*, August 2022

<sup>2</sup> Statistics Canada. Table 36-10-0463-01, Government revenue attributable to tourism

<sup>3</sup> Submission to the Minister of Tourism and Associate Minister of Finance, the Honourable Randy Boissonnault, for a New Federal Tourism Growth Strategy, August 2022

We recommended a number of key targets to be achieved by 2030. These relate to tourism spending, dispersion, workforce, international overnight visitors, and our global competitive position.

We identified four key pillars that would best ensure we achieve our goals. These are: i) Attract and Retain a Sustainable Tourism Workforce, ii) Improve Access for Visitors to and Within Canada, iii) Develop and Promote Tourism Assets, and iv) Build a Regenerative and Inclusive Tourism Industry.

### **Pillar One: Attract and Retain a Sustainable Tourism Workforce**

The recovery and growth of tourism largely hinges on addressing the significant labour shortages that exist.

Tourism Human Resources Canada (THRC) submitted a comprehensive proposal to Minister Boissonnault outlining a number of measures. TIAC supports these recommendations and urges the Government to act on them.

To highlight a few specific initiatives, THRC recommended targeted domestic recruitment campaigns and a specific Indigenous Workforce Strategy be developed and launched.

In the area of training and skills development, THRC recommended increasing the number of high school programs; modernizing post-secondary programs; launching comprehensive national tourism “job ready” bridging programs; as well as investing in skills development and training.

Given the complex nature of the labour challenges, we believe it necessary to have appropriate oversight and accountability. THRC is a unique organization, and a centre of excellence and expertise in this area. As such, we recommend the Government allocate ongoing resources to THRC to enable it to carry out this important role.

### **Pillar Two: Improve Access for Visitors to and within Canada**

Enabling and facilitating the movement of travellers to and within Canada is critical to tourism’s success. This is as much about eliminating existing barriers as it is improving efficiencies to travel processes.

To improve pre-board screening wait times and congestion at airports, additional resources should be allocated to greater adoption of biometrics and the use of other digital tools such as E-Gates. Additional resources should be allocated also to expanding the Trusted Traveler Pilot (TTP) program nation-wide. With the right investments in IT infrastructure, the Canada Electronic Travel Authorizations program could be enhanced and used to harmonize and streamline a number of Canadian-recognized global security agreements.

The Government can also take a leadership role and assist in redeveloping routes to reconnect Canada via motor coach. To address this issue direct or indirect subsidies could be introduced, and/or 5% of the federal transit investment could be earmarked, to support motor coach operators.

### **Pillar Three: Develop and Promote Tourism Assets**

To achieve our tourism goals by 2030 significant resources must be targeted to ensuring Canada has world-class tourism assets and to promoting them aggressively for travellers to discover and experience. This is as much about updating and marketing existing assets as it is developing and promoting new ones particularly in underserved communities.

Estimates undertaken by industry experts suggest that it would take billions of dollars in new capital to fully achieve our asset goals.

Support for the maintenance, creation and refurbishment of tourism assets could be allocated in a number of different forms. Ideally, it should entail a suite of financial measures. Much of this new financing could be administered via existing organizations. We note in particular the need for targeted support to assets in the Indigenous tourism sector.

We recommend a new tax credit for retrofits and upgrades. Structured at 25% of eligible costs, to a max of 25% of total project expenditures, this would incentivize investment in renovations across the country. A new Capital Cost Allowance category could also be introduced for capital investments in tourism, allowing 100% of the investment in new assets or major renovations to be claimed in the year in which it is incurred.

To help attract greater private investment, the Government could establish pools of public lending capital for the creation of new assets and major renovations. By offering competitive rates and amortized over 30 years, such investment could help leverage billions of dollars from private sources. A dedicated federal mortgage insurance program could also be put in place to reduce risk for Canada's private financial institutions.

To encourage the development of new, innovative assets or refurbishing existing ones, particularly in underserved, rural and remote areas, and to foster more sustainable products, new grants and non-repayable contribution programs could be created.

To enhance our international competitiveness and foster greater investment, the Government should allow airports to retain and then reinvest the ground rent they now pay to the federal treasury into the development of world-class sustainable airports focused on passenger experience, innovation and decarbonization goals.

Having world-class tourism assets is only part of the answer in our drive for success. Making sure all tourists know about them and how to find them is just as important.

Destination Canada (DC), a federal Crown Corporation, and the Destination Marketing Organizations (DMOs) across Canada are key to achieving our tourism marketing objectives. DC's focus is largely on promoting Canada in key international markets, while DMOs are mandated to promote their specific jurisdictions.

We recommend the Government increase the annual allocation to DC to a level that brings it on par with its counterparts in other leading countries and commit to those new resource levels for 5 years.

We also recommend the Government introduce a National Meetings, Incentives Conferences and Events Fund and allocate to it \$80 million per year. To also help stimulate the business events sector, the Government should encourage its Regional Economic Development Agencies to provide greater assistance to DMOs for this purpose.

#### **Pillar Four: A Regenerative and Inclusive Tourism Sector**

As tourism works hard to get back to pre-pandemic levels, there is an opportunity to make the sector more resilient, sustainable, and equitable.

TIAC recommends the Government invest in regenerative tourism. We must collaborate to define and practice regenerative principles that acknowledge tourism's role in carbon reduction. The Government can show leadership in this area by introducing tourism-specific programs in support of businesses for new sustainable projects and retrofits across the country.

Canada also strives to be a place of inclusivity and opportunity for all communities. TIAC recommends the Government introduce new tax credits for businesses that develop specialized recruitment programs for equity seeking groups, as well as allocate resources for the implementation of an Indigenous-led workforce strategy.

In closing, we trust the views and recommendations contained in this submission will be helpful to the House of Commons Standing Committee on Finance as it considers its priorities for the upcoming Federal Budget.