



**TOURISM INDUSTRY
ASSOCIATION OF CANADA**

**ASSOCIATION DE L'INDUSTRIE
TOURISTIQUE DU CANADA**

Written Submission to the Pre-Budget Consultation in Advance of Budget 2025

Submitted by

Tourism Industry Association of Canada

August 2, 2024

Recommendations

Recommendation 1: Fund a dynamic national career marketing campaign to promote tourism occupations to Canada's youth through a \$5-million, three-year investment.

Recommendation 2: Fund the development of a dedicated workforce strategy for Canada's Indigenous tourism industry.

Recommendation 3: Provide funding for a three-year national program via Tourism HR Canada to transition newcomers and members of underrepresented communities into tourism occupations.

Recommendation 4: Extend the Economic Mobility Pathways Pilot (EMPP) program.

Recommendation 5: Maintain the level of position approvals for tourism sector employers within the Temporary Foreign Worker Program.

Recommendation 6: Launch a dedicated Tourism Infrastructure Fund to support major capital projects in the sector.

Recommendation 7: Establish a tax credit program to incentivize investment in new tourism assets, and the upgrading of existing infrastructure.

Recommendation 8: Support infrastructure investment for Canada's network of airports via a dedicated fund and increased investment in the Airports Capital Assistance Program.

Recommendation 9: Develop a national, multi-modal transportation strategy that expands connectivity, enhances rural/urban connections, and improves traveller access to and throughout Canada.

Recommendation 10: Extend funding to Destination Canada via the International Convention Attraction Fund (ICAF) for an additional two years.

Recommendation 11: Support Destination Canada's vital marketing and industry-building initiatives through an increase to its annual base parliamentary appropriations.

Recommendation 12: Invest in the domestic production of biofuels and green solutions for Canada's transportation sector.

Recommendation 13: Develop a cruise sector strategy to bolster infrastructure and leverage the economic impact of international passengers in communities Canada-wide.

Recommendation 14: Add a new round of eligible countries and territories to Canada's Electronic Travel Authorization (eTA) program.



In 2023, tourism spending reached \$113.4 billion. With government revenue from tourism activity equalling roughly 27% of visitor spending each year, tourism is a significant contributor to the economic and social fabric of Canada. Moreover, tourism serves as a platform for showcasing Canada's values of resilience, tolerance, and inclusivity to a global audience.

Unfortunately, Canada's tourism sector has experienced a prolonged path to recovery since the pandemic. While the 2023 Federal Tourism Growth Strategy (FTGS) was encouraging, many challenges persist that impede the sector's ability to achieve its objectives.

Destination Canada's recent *Tourism 2030* strategy indicates real potential for transformative growth in the tourism sector. Achieving its projected \$160 billion in demand by 2030 will require bold new initiatives to support our sector's entrepreneurs, bolster the tourism ecosystem, and strengthen Canada's visitor economy.

TIAC's recommendations for *Budget 2025* aim to stimulate economic growth and productivity, and, ultimately, fortify the global competitiveness of Canada's tourism businesses and travel destinations.

Rebuild Canada's Tourism Workforce

At this critical juncture, strategic public investment is required to eliminate labour market uncertainty in each of the tourism sector's five industry groups. Persistent labour gaps hamper productivity and threaten to damage Canada's reputation as a tourism destination.

Supporting key initiatives that promote and significantly enhance the flow of Canada's youth, Indigenous, newcomer, and temporary resident workforce into tourism occupations will maximize the sector's economic impact and its return on investment for public stakeholders.

Funding for a national tourism career marketing campaign jointly developed by the Hotel Association of Canada, Restaurants Canada, TIAC, and Tourism HR Canada, will strengthen the engagement of young Canadians in the tourism sector and promote its range of rewarding careers while leveraging the Government's investment in THRC's Discover Tourism program that provides valuable career planning, curriculum, and HR tools to job seekers, educators, and employers.

A dedicated strategy and funding for skills training tailored to the needs of Indigenous tourism employers will fill labour gaps and leverage the sector as an economic driver for Canada.

Supporting the vital work of Tourism HR Canada through funding for its innovative Ready to Work program will transition job seekers from underrepresented communities into tourism occupations, enabling government to achieve its goal of increasing the workforce participation of diverse communities, newcomers, and persons with disabilities.

Expanding the Economic Mobility Pathways Pilot program (EMPP) which assists employers to hire skilled refugees and displaced individuals would benefit our sector as its inclusion of



Training, Education, Experience and Responsibilities (TEER) categories 4 and 5 correspond to a wide spectrum of tourism occupations.

Additionally, Canada's Temporary Foreign Worker Program is a vital component of the holistic response to tourism's labour gaps. Immigration streams that attach a job offer to the application result in improved outcomes for workers and the economy. In fact, 40% of workers in the TFWP's non-agricultural stream become permanent residents. Maintaining the current level of program position approvals within tourism occupations is essential to redressing the significant number of job vacancies that hamper sector growth while offering an important pathway to permanent residency.

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Invest in Tourism Infrastructure

Investment in tourism infrastructure throughout Canada is needed. This includes airports, ports and terminals, accommodations, conference and event venues, and attractions. For destinations to remain competitive, government must support the sector's capacity to secure increased investment, particularly from private capital markets at both domestic and international levels.

Unfortunately, attracting such financing is difficult. A lack of public and private investment will hinder growth, lessen productivity, limit job creation, and nullify efforts to build a strong visitor economy.

New measures to leverage greater capital investment, including a Tourism Infrastructure Fund and a dedicated tax credit, will help modernize the travel experience and ensure Canada is well-positioned to achieve the \$160B in projected demand by 2030.

In addition, establishing a fund for Canada's airports and bolstering investments made via the Airports Capital Assistance Program will facilitate the modernization of aerospace infrastructure. This will increase the competitiveness of Canada's tourism sector and ensure that connectivity to all parts of the country is affordable and reliable.



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Expand Connectivity Across Canada

Connectivity is key to tourism growth. Unfortunately, our airlines, passenger rail, cruise ship, and motor coach companies face challenges maintaining, restarting, and expanding crucial routes that link travellers and communities. To bridge this gap, investment is needed to develop and sustain more affordable travel options, ensuring that more visitors can reach and enjoy our diverse tourism destinations.

The need for strategic planning and investment in new transportation systems, technological innovations, expanded fleets, and comprehensive route development spans industries and regions.

Both the FTGS and the Standing Committee on Transport, Infrastructure, and Communities recommend investment in affordable and environmentally friendly transportation to connect travellers to and throughout Canada while stimulating growth in emerging tourism hubs and local economies nationwide. Unfortunately, without better dispersion of international travellers and multi-modal connections between urban and rural communities, the sector may not reach growth targets set out by the FTGS.

Connecting travellers to Canadian destinations requires the creation of new passenger routes. As such, a national multi-modal transportation strategy is a central component to successfully building tourism's reach and impact.

A national strategy, informed by expert consultation and supported by research, will ensure that destinations can embrace the community benefits and economic impacts of tourism, and reinforce Canada's competitiveness as a global destination.

Recommendation 9: Develop a national, multi-modal transportation strategy that expands connectivity, enhances rural/urban connections, and improves traveller access to and throughout Canada.

Invigorate Canada's Business Events Sector

Destination Canada's *Fall 2023 Tourism Outlook* raised the alarm that Canada's business events sector—a key economic driver across the country—will not fully recover to 2019 levels until 2028. Pre-pandemic, the business events sector constituted 40% of total tourism sector



spending, accounted for 242,000 direct jobs, and contributed \$27.4B in direct GDP to the Canadian economy.

To expedite its recovery, Destination Canada received a three-year budget allocation in 2023 to support bids to host major international conventions in Canada via the new International Convention Attraction Fund (ICAF). ICAF is already proving to be a catalyst for regrowth. To ensure that Canada once again ranks among the top international business event destinations, the Federal Government must embrace the opportunity to build on this momentum.

To fully redress hindrances to sector growth and to attract more marquee business events to Canada, current investments and the significant value produced via ICAF must be fully leveraged.

Recommendation 10: Extend funding to Destination Canada via the International Convention Attraction Fund (ICAF) for an additional two years.

Expand Canada's Destination Marketing Capacity

Immediate investment in Destination Canada is a powerful step towards revitalizing our economy and reconnecting communities in the wake of the pandemic. Support of this vibrant sector fosters job creation, stimulates local economies, and showcases Canada's rich cultural and natural beauty. By enhancing tourism marketing, we attract diverse visitors, contributing to sustainable growth and shared prosperity. This investment not only boosts immediate recovery but also strengthens our global presence, promoting our national brand and serving as a vital tool for diplomacy.

Federal funding for Destination Canada supports a range of industry initiatives and promotes travel across the country. Equipping it with additional resources is essential for the full return of international travelers to Canada's tourism destinations. In 2023, international overnight tourist arrivals were 17% below the 2019 high. Meanwhile, inflation and a devalued Canadian dollar have reduced Destination Canada's buying power for global marketing initiatives.

Destination Canada's *Tourism 2030* strategy requires significant investment to effect economic growth, investment, workforce development, and sustainability. This initiative ensures Canada remains a competitive and attractive destination, fostering economic resilience and cultural exchange. Investing in Destination Canada is not just about immediate recovery; it's a strategic move to secure long-term prosperity and strengthen our nation's standing on the world stage. Now is the time to support this crucial sector and help shape a brighter future for Canadians.

Recommendation 11: Support Destination Canada's vital marketing and industry-building initiatives through an increase to its annual base parliamentary appropriations.

Invest in Environmental Sustainability

The tourism sector can play a leading role in Canada's green transition. *Budget 2024* opened the door to investment in domestic biofuels. Canada must embrace the opportunity to be a global



leader in the production and supply of Sustainable Aviation Fuel (SAF) and new green solutions in the cruise ship industry. Investment in domestic SAF and alternative power solutions will significantly reduce emissions and attract environmentally conscious travellers.

Recommendation 12: Invest in the domestic production of biofuels and green solutions for Canada's transportation sector.

Launch a Cruise Ship Sector Consultation

Canada's cruise ship ports and their local communities require augmented Transport Canada and CBSA support to fill gaps in community infrastructure, expand their capacity for cruise ship clearance, and facilitate the arrival and connectivity of passengers. Additionally, excessive cost structures are hindering Canada's competitiveness in the global cruise industry.

Government solutions are needed, but these solutions should emerge from sector consultation and recommendations; respond to region-specific challenges; and be based on global precedents to ensure Canada embraces the best in technology, infrastructure, and models for success.

Recommendation 13: Develop a cruise sector strategy to bolster infrastructure and leverage the economic impact of international passengers in communities Canada-wide.

Expedite Entry for International Visitors

Expedited entry procedures will incentivize the return of nearly four million international visitors to Canada. Expanding the number of eTA-eligible countries will reduce inflated visitor visa processing times and delays, while prompting a resurgence of travellers from emerging economies around the globe and ensuring the success of marquee international events, including FIFA World Cup 2026.

Recommendation 14: Add a new round of eligible countries to Canada's Electronic Travel Authorization (eTA) program.

