



TOURISM INDUSTRY
ASSOCIATION OF CANADA

ASSOCIATION DE L'INDUSTRIE
TOURISTIQUE DU CANADA

WRITTEN SUBMISSION FOR THE PRE-BUDGET
CONSULTATIONS IN ADVANCE OF THE

FALL 2025 BUDGET



TOURISM INDUSTRY
ASSOCIATION OF CANADA
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TOURISTIQUE DU CANADA

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RECOMMENDATIONS

- 1** Implement a tailored Capital Gains Reinvestment Deduction to stimulate re-investment into capital-intensive tourism projects.
- 2** Streamline the Capital Cost Allowance (CCA) to incentivize tourism investment and modernization.
- 3** Develop a national, multi-modal transportation strategy that expands and enhances rural-urban connectivity and improves traveller access to and throughout Canada.
- 4** Increase Destination Canada's annual base parliamentary appropriation to generate additional positive returns on the Government's strategic investments in attracting international visitors and drive economic growth across the country.
- 5** Provide consistent funding for Destination Canada's International Convention Attraction Fund through an annual investment of \$20 million.
- 6** Provide annual core funding to Tourism HR Canada (THRC) in support of vital workforce development needs through an annual investment of \$3 million.



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CANADA

TOURISM HELPS BUILD CANADA

Canada's tourism sector plays a vital role in driving economic growth, fostering cultural exchange, and strengthening nation-building. Tourism is at the heart of communities from coast to coast to coast – from our bustling urban centres to our country's beautiful rural landscapes and seascapes. Tourism deepens our understanding of Canada's rich and diverse cultures, helps to unite Canadians, and promotes Indigenous heritage and reconciliation. Through effective support and policies, the Government of Canada can ensure tourism remains a thriving sector for economic growth, global connections, foreign direct investment, and shared experiences.

Canada's tourism sector supports over 265,000 businesses and a workforce of over 2 million people. In 2024, tourism generated \$130 billion in economic activity and contributed \$50.6 billion to Canada's GDP. With close to \$32 billion of annual spending coming from international visitors, tourism is also our country's second largest service export industry representing over 14 per cent of Canada's total service export revenue. Moreover, the sector demonstrates a strong return on investment to government as total government revenue attributable to tourism equals as much as 27 per cent of visitor spending annually. This makes tourism a significant contributor to Canada's economic foundation.

The government's Federal Tourism Growth Strategy (FTGS) recognizes the significant contributions of our country's tourism ecosystem and potential for economic growth. To reach its objectives of achieving \$160 billion in demand and \$60 billion in GDP by 2030, bold action is required. To fully leverage the potential of Canada's tourism businesses, accelerate long-term growth, and strengthen its global competitiveness, we urge the government to consider the Tourism Industry Association of Canada's (TIAC) recommendations for the Fall 2025 Budget.

Together, these valuable initiatives can help secure the future of tourism in Canada by fueling job creation, strengthening local economies, and ensuring that Canada remains a top destination worldwide.



Tourism Builds
CANADA

**Tourism is a reflection of what
Canada does best.
It welcomes the world, supports
communities and creates
prosperity.**

INCENTIVIZE INVESTMENT IN TOURISM ASSETS AND INFRASTRUCTURE

Investing in Canada's tourism sector represents a powerful pathway to achieving the government's core priorities for accelerated economic growth and enhanced competitiveness. As a dynamic engine of job creation and a significant export industry, tourism's revitalization directly supports nation-building projects that connect and transform our country, while fundamentally modernizing Canada's economy.

Boosting investment is essential to keeping Canada's tourism destinations competitive and compelling to global visitors. Investment in tourism infrastructure -- including airports, accommodations, conference venues, and attractions -- will help modernize facilities, improve the travel experience, and support spending growth in both urban and rural destinations. According to the Business Development Bank of Canada (BDC), a 10 per cent increase in tourism spending could boost Canada's GDP by a full one per cent—a powerful return on investment that fortifies thousands of businesses and creates sustainable employment for generations to come.

Unfortunately, fierce global competition presents a challenge for attracting tourism investment. On the World Economic Forum's Travel & Tourism Development Index (TTDI), Canada ranks 37th in travel and tourism capital investment intensity. Nations that excel in this arena often elevate the tourism sector, simplify taxation frameworks, and deploy a mix of public and private financial incentives that are dedicated to drawing in tourism capital, making them more appealing to private investors.

Canada can create a more predictable and financially attractive environment for investors by adopting a comprehensive approach to supporting investment aimed at renewing tourism infrastructure, revitalising tourism assets, and developing new ventures. This means advancing targeted financial measures and effective policies that strengthen Canada's investment climate, drive capital into tourism infrastructure, and propel growth in large-scale, capital-intensive ventures.



RECOMMENDATION 1

Implement a tailored Capital Gains Reinvestment Deduction to stimulate re-investment into capital-intensive tourism projects. This deduction would allow for the deferral of capital gains tax on asset sale proceeds when re-invested into a different form of capital property. Targeted re-investment will accelerate the modernization and expansion of tourism infrastructure across the country and maximize the sector's significant contribution to job creation, regional economic diversification, and environmentally sustainable business practices.

 RECOMMENDATION 2

Streamline the Capital Cost Allowance (CCA) to incentivize tourism investment and modernization. Introduce accelerated CCA rates for a defined class of capital-intensive tourism projects including accommodations, venues, attractions, and transportation infrastructure; and for depreciable assets crucial to modernizing the sector, such as digital and sustainable technologies.

DEVELOP A NATIONAL, MULTI-MODAL TRANSPORTATION STRATEGY

Tourism sector growth is strongly linked to the government's goals for national sovereignty and expediting nation-building projects that connect and transform our country. These objectives can each be advanced through greater investment and increased efficiencies in transporting people to and between urban and rural destinations.

Unfortunately, the lack of a cohesive national connectivity plan, including air travel and integrated regional transportation, limits Canadian destinations from unlocking their full potential in meeting international demand. This gap also reduces the appeal of Canada's tourism sector for global investors, hindering opportunities for growth and investment.

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, Canada's tourism sector risks leaving significant growth and economic potential untapped.

 RECOMMENDATION 3

Develop a national, multi-modal transportation strategy that expands and enhances rural-urban connectivity and improves traveller access to and throughout Canada. Informed by expert consultation and supported by research, a national strategy will make sure that destinations can embrace the community benefits and economic impacts of tourism to reinforce Canada's reputation as a globally competitive destination.

FORTIFY CANADA'S INTERNATIONAL MARKETING CAPACITY

Investing in Destination Canada – the federal Crown corporation formed under the Canadian Tourism Commission Act – is a direct and impactful strategy to advance the government's priorities for strengthening global partnerships and expanding international trade. Destination marketing is essential to attracting international visitors and driving sustainable economic growth. Destination Canada plays a pivotal role in the recovery and growth of the tourism sector by helping to maximize visitor spending, promote Canadian destinations, bolster Indigenous tourism, and foster cultural exchange. In 2024, investment in Destination Canada helped to generate \$31.2 billion in tourism spending from international visitors alone.



Investment in Destination Canada marketing and promotion delivers a positive return on investment. Each dollar of investment in Destination Canada generates an estimated \$11.77 in visitor spending. In 2023, investment in Destination Canada's targeted marketing initiatives throughout Europe and North America generated an additional 878,614 international visitors to Canada.¹

However, due to inflation and a devalued Canadian dollar, Destination Canada's spending power on international marketing initiatives and its ability to promote the country globally have been limited. Meanwhile, the number of international tourists visiting Canada remains below pre-pandemic levels.

To fully achieve the objectives as set out in Destination Canada's *Tourism 2030* strategy and ensure Canada remains competitive on the global stage, increased funding is necessary. A meaningful increase to Destination Canada's annual parliamentary appropriation is crucial to the return of international travellers and sustained growth in our tourism sector.

RECOMMENDATION 4

Increase Destination Canada's annual base parliamentary appropriation to ensure it can fully support tourism sector growth and competitiveness. Increased funding will amplify Destination Canada's marketing efforts, increase Canada's global brand competitiveness, attract more international visitors, and drive economic growth across the country.

¹Tourism Economics (2025). The Value of Travel and Tourism in Canada: Economic Impacts 2023.

INVIGORATE CANADA'S BUSINESS EVENTS SECTOR

Before the pandemic, business events were a significant economic force, accounting for 40 per cent of total tourism spending, supporting 242,000 jobs, and generating \$27.4 billion in direct GDP for the Canadian economy. Research from Destination Canada highlights concerns that Canada's business events sector, a significant contributor to the national economy, may not achieve pre-pandemic activity levels until 2028. To fast-track this rebound, Destination Canada secured a three-year budget in 2023 to establish the International Convention Attraction Fund (ICAF) to support bids for major international conventions. ICAF supports Canadian Destination Marketing Organizations (DMOs) in developing competitive bids for major international business events that fall within Canada's key economic sectors, including advanced manufacturing, agribusiness, life sciences, natural resources, digital industries, and finance and insurance.

INTERNATIONAL CONVENTION ATTRACTION FUND'S ESTIMATED IMPACT



To date, the ICAF has been highly effective in driving the sector's resurgence. ICAF is generating a significant boost to Canada's economy by driving direct economic impacts, creating jobs, and increasing federal tax revenue. To date, \$16.4 million has been invested via the ICAF to help support 45 business events in communities across the country. The anticipated returns on this initial support are significant. These events are expected to attract an estimated 143,641 visitors to Canada whose combined spending will generate \$348.3 million in direct economic impact and support 2,833 fulltime equivalent jobs. ICAF's impressive performance underscores the program's value in enhancing the country's tourism sector and supporting local communities.



RECOMMENDATION 5

Provide consistent funding for Destination Canada's International Convention Attraction Fund (ICAF) through an annual investment of \$20 million dedicated to promoting and optimizing the significant economic returns generated by business events.

RESOLVE CANADA'S TOURISM WORKFORCE CHALLENGES

Unlocking the full potential of Canada's tourism workforce is key to empowering the government's strategy for attracting top global talent and building a dynamic, inclusive economy. The tourism sector is remarkably diverse, featuring a broad spectrum of businesses and supporting a wide range of career trajectories.

Unfortunately, Canada's tourism sector faces pervasive labour challenges that threaten its ability to meet rising demand and achieve its full economic potential. These issues range from recruitment difficulties to concerning cutbacks in post-secondary tourism programs, which jeopardize future talent pipelines.

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. A robust investment in tourism workforce development is essential to nurturing a national talent pool that strengthens Canada's economy.

Tourism HR Canada (THRC) is a well-recognized and respected national organization with a mandate aimed at building a world-leading, dynamic, and resilient tourism workforce. THRC maintains a dedicated slate of value-added programming to support the diverse needs of tourism employers. Its programming includes a strong focus on the needs of underrepresented groups and providing support to Indigenous tourism entrepreneurs to strengthen and grow a dynamic workforce in communities in every region of the country.



RECOMMENDATION 6

Provide core funding to Tourism HR Canada (THRC) to bolster strategic initiatives in support of tourism workforce growth. A consistent, annual investment of \$3 million would provide valuable career planning, curriculum, and HR tools to job seekers, educators, and employers to create life-long career paths in hospitality, transportation, accommodations, and recreation and entertainment.