

August 28, 2025

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Finance and National Revenue
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5
Sent via email: yourbudget-votrebudget@fin.gc.ca

RE: TIAC's Recommendations for the 2025 Federal Budget

Dear Minister Champagne:

On behalf of the Tourism Industry Association of Canada (TIAC), we are pleased to submit our recommendations as part of Finance Canada's pre-budget consultations. Our recommendations outline how the upcoming federal budget can best support the growth of Canada's tourism sector, while aligning strongly with the priorities outlined in the Prime Minister's mandate letter to Cabinet.

The tourism sector helps build Canada. It is a powerful force for a united Canada, actively working to build one Canadian economy by connecting all regions and supporting a vast network of local businesses, from bustling cities to rural and Indigenous communities. Tourism plays a vital role in driving economic growth, fostering cultural exchange, and strengthening nation-building. It is at the heart of communities from coast to coast to coast. Tourism deepens our understanding of Canada's rich and diverse cultures, helps to unite Canadians, and promotes Indigenous heritage and reconciliation.

Canada's tourism sector supports over 265,000 businesses and a workforce of over 2 million people. In 2024, tourism generated \$129.7 billion in economic activity and contributed \$50.8 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. This vibrant sector is a cornerstone of economic growth and competitiveness, functioning as a top export industry that attracts foreign investment and provides a significant return to government, often contributing up to 27% of tourism spending in tax revenue. Furthermore, tourism promotes affordability and prosperity by creating diverse employment opportunities and supporting countless small and medium-sized enterprises across the country.

Through effective support and policies, the Government of Canada can ensure tourism remains a thriving sector for economic growth, global connections, and foreign direct investment.



Investing in tourism infrastructure and innovation, particularly in new capital projects and a strong multi-modal transportation system, will not only modernize our economy but also accelerate critical nation-building projects. The sector's focus on talent and workforce development is in direct alignment with the government's commitment to addressing labour shortages, attracting skilled workers, and ensuring sustainable immigration. By strengthening our international marketing and attracting major business events, tourism enhances our global partnerships and trade relationships, elevating Canada's brand globally.

The 2023 Federal Tourism Growth Strategy (FTGS) recognizes the significant contributions of our country's tourism ecosystem and its potential for economic growth. In order to reach the FTGS's objectives of achieving \$160 billion in demand and \$60 billion in GDP by 2030 it is essential that we fully leverage the potential of Canada's tourism sector and strengthen its global competitiveness. The following recommendations are designed to accelerate long-term growth, improve sector competitiveness, and ensure that Canada's tourism businesses can thrive on the global stage.

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.

A lack of public and private investment creates a significant hindrance to growth, lessens productivity, limits job creation, and nullifies efforts to build a strong visitor economy. For



Canadian destinations to remain competitive, public incentives are needed to support the sector's capacity to attract more investment, especially from private capital markets domestically and internationally. New measures to leverage greater capital investment, will help modernize the travel experience and ensure Canada is well-positioned to achieve the \$160 billion in projected demand by 2030.

Canada can create a more predictable and financially attractive environment while providing certainty 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.

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 overcome bottlenecks and develop more affordable travel options, ensuring that Canadians and visitors alike can readily access communities and 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. 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, international overnight arrivals and tourism spending to Canada remain well below pre-pandemic levels. There were 19.9 million international tourist arrivals in 2024 -- at 9.5% below the 2019 high of 22 million, there is a pressing need to expedite the return of global visitors to our Canadian destinations.

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.

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.

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. Since its launch in 2024, the International Convention Attraction Fund (ICAF) has proven to be an effective tool for attracting major international conventions to Canada, helping local communities benefit from increased tourism activity. 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 full-time 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. Extending this investment will help expedite the sector’s recovery and further strengthen Canada’s position as a leading global destination for 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. A skilled, diverse workforce is essential to the growth and competitiveness of Canada's tourism industry; however, the sector continues to face critical labour shortages, with significant gaps in the workforce that hinder productivity and threaten the sector's ability to meet demand.

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 travel services, hospitality, transportation, accommodations, and recreation and entertainment.

The recommendations outlined are not only crucial for the long-term growth of Canada's tourism sector but also for its significant contribution to our national economy. By making these investments, the Government of Canada can strengthen our position as a global tourism leader, stimulate economic growth, and create jobs for Canadians.

We appreciate your consideration of these priorities and look forward to working together to build a resilient, competitive, and sustainable tourism industry for the future.

Sincerely,



Claude Paul Boivin
Interim President & CEO



Matthew Jelley
Chair of the Board of Directors

