



TOURISM INDUSTRY  
ASSOCIATION OF CANADA

ASSOCIATION DE L'INDUSTRIE  
TOURISTIQUE DU CANADA

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

# FALL 2026 BUDGET

WRITTEN IN COLLABORATION WITH THE  
PROVINCIAL AND TERRITORIAL TOURISM  
INDUSTRY ASSOCIATIONS

Tourism Industry Association  
of **BC**

Tourism Industry Association  
of **Alberta**

Tourism Industry Association  
of the **Yukon**

Spectacular **Northwest  
Territories**

Travel **Nunavut**

Hospitality  
**Saskatchewan**

Tourism Industry Association  
of **Manitoba**

Tourism Industry Association  
of **Ontario**

Alliance de l'industrie  
touristique du **Québec**

Tourism Industry Association  
of **New Brunswick**

Tourism Industry Association  
of **Nova Scotia**

Tourism Industry Association  
of **Prince Edward Island**

Hospitality **Newfoundland and  
Labrador**



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# RECOMMENDATIONS

- 1 Expand and modernize the Canada Summer Jobs program to support year-round and more flexible youth employment opportunities.
- 2 Establish the Canadian International Workforce Program, addressing persistent labour shortages through two dedicated immigration streams.
- 3 Implement a Capital Gains Reinvestment Deferral for tourism assets.
- 4 Expand the Accelerated Capital Cost Allowance to include tourism assets.
- 5 Strengthen regional connectivity by expanding existing transportation infrastructure programs to support essential air services and enable new connections.
- 6 Increase Destination Canada's base appropriation by \$30 million annually to expand international marketing in priority non-U.S. global markets.

# UNLOCKING CANADA'S TOURISM POTENTIAL

Canada's tourism sector is one of the country's most powerful and widely distributed economic engines. It drives approximately **30% of Canada's service exports**,<sup>1</sup> generates **\$132.9 billion in economic activity**,<sup>2</sup> supports more than **280,000 businesses**,<sup>3</sup> and sustains **2.1 million jobs**<sup>4</sup> in communities across every province and territory. Few sectors reach as deeply into Canada's regions, rural and remote destinations, small businesses, Indigenous and cultural economies, and urban centres alike.

Tourism is more than a visitor economy. It is a platform for regional development, cultural exchange, trade diversification, and Canadian competitiveness. Every international visitor represents new export revenue. Every convention, festival, hotel stay, tour, restaurant meal, and transportation purchase supports Canadian businesses and workers. As Canada works to grow the economy, diversify trade, strengthen communities, and build resilience in an increasingly uncertain global environment, tourism offers a practical and immediate path to achieving these objectives.



Yet the sector's ability to deliver on this potential is increasingly constrained by limited access to labour, to capital, and to Canada itself. These constraints are not evidence of weak demand for Canadian destinations. They are evidence that policy and structural barriers are limiting the sector's capacity to expand, invest, and compete in a rapidly evolving global marketplace.

The *2023 Federal Tourism Growth Strategy* sets an ambitious target of **\$160 billion** in tourism demand and **\$60 billion in GDP by 2030**. Canada's tourism sector is well-positioned to help achieve these goals, but recent performance shows that targeted action is urgently needed. In 2025, international visitation plateaued, driven by a nearly **5% decline in visitors from the United States**.<sup>5</sup> Overall **tourism spending grew by 2.47%**,<sup>2</sup> representing a real, inflation-adjusted **increase of only 0.37%**. These trends point to a widening gap between the sector's potential and its recent performance.

Despite these challenges, Canada's tourism sector remains resilient and growth focused. Feedback from Tourism Industry Association of Canada (TIAC) members show a strong intent to invest, expand operations, and attract visitors from Canada and abroad. With the right policy environment, tourism can deliver stronger economic growth, support businesses in every region, and help Canada compete globally.

The following recommendations are designed to unlock investment, enhance competitiveness, and position Canada's tourism sector for long-term growth.



# ACCESS TO LABOUR

Canada's tourism sector faces labour shortages that threaten its ability to meet growing domestic and international demand. In January 2026, the national job vacancy rate was 2.8%, while in tourism-related industries, the vacancy rate was 4.2%, underscoring the acute pressures facing the sector.<sup>6</sup> This imbalance highlights a structural challenge where available jobs are not being filled at the pace required to sustain operations and growth.

Tourism plays a key role in Canada's labour market as a leading employer of young people aged 15 to 24, **employing 23% of working youth**, who make up approximately **30% of the sector's workforce**.<sup>7</sup> As one of the most accessible points of entry into Canada's workforce, the sector provides flexible employment opportunities that allow young Canadians to gain early work experiences and career foundations.

Tourism roles deliver long-term value beyond the sector itself. Tourism jobs equip youth with essential skills such as communication, teamwork, and problem solving—skills that are highly sought after across the economy. Research shows that 74% of Canadians who worked in tourism report improved interpersonal and communication skills from their roles, while 58% report stronger leadership and critical thinking abilities.<sup>7</sup> With over half of Canadians having worked in the tourism industry at some point, the sector serves as a training ground that supports long-term career success and contributes to a more skilled, adaptable workforce across the country.<sup>7</sup>



Despite strong growth opportunity for youth participation in the sector, barriers such as seasonality, full-time requirements, limited access to roles outside of the summer, and an inflexible program design prevent youth from fully benefiting from them. Youth unemployment remains a challenge—13.8% nationally in 2025—underscoring the importance of accessible work opportunities for all youth.<sup>4</sup> Targeted, modernized programs are needed to help the next generation of workers grow the sector and the economy.

## **RECOMMENDATION 1**

**Expand and modernize the Canada Summer Jobs program to support year-round youth employment by enabling flexible work arrangements, broadening eligible roles, and improving access for employers and young workers, particularly in sectors experiencing high turnover and labour shortages.**

At the same time, these structural labour force gaps cannot be filled through domestic supply alone—particularly in seasonal, entry level, and rural roles. With a shrinking domestic workforce and ongoing vacancies in roles across the sector, employers across the country need a more predictable and reliable way to access talent when domestic pipelines aren't providing. Immigration has been reported to drive 100% of Canada's labour force growth<sup>8</sup>—yet the existing pathways to access foreign labour are rigid, slow, and misaligned with current labour market needs.

A modern, demand-driven immigration approach is essential to help tourism businesses address labour shortages, extend seasons, and meet Canada's tourism targets, especially in rural and remote destinations. Without targeted reforms, these constraints will continue to suppress revenues, limit local growth, and weaken Canada's global competitiveness.

The Canadian International Workforce Program proposes two targeted streams to better align immigration with labour market realities. The first would allow workers to enter for defined periods, temporarily filling low-skilled, seasonal roles before returning to home countries at the end of the season. The second addresses year-round, chronic shortages in low-skilled occupations, creating a dedicated pathway with improved access to permanent residency.



## RECOMMENDATION 2

**Establish the Canadian International Workforce Program, addressing persistent labour shortages through two dedicated immigration streams; allowing employers across the economy to address major domestic employment gaps through a predictable and reliable immigration program.**

## ACCESS TO CAPITAL

Investment in Canada's tourism sector directly supports federal priorities around economic growth, infrastructure development, and global competitiveness. As one of Canada's largest service export industries, tourism grows job opportunities, strengthens Indigenous and non-Indigenous communities alike, and generates significant economic activity across the country.

To remain competitive, destinations require ongoing capital investment in accommodations, attractions, transportation, and visitor infrastructure. These investments help maintain quality, expand capacity, and meet evolving domestic and international visitor expectations.

Despite this, access to capital remains a significant barrier. In a recent TIAC member survey, 80% of respondents identified access to capital as a constraint on expansion, while 78% reported increased cost pressures. These challenges are particularly acute for small and medium-sized enterprises, which make up most of the sector and often face limited financing options and higher relative investment costs.

Despite these pressures, tourism businesses continue to show resilience and intent to grow, with 38% of TIAC members looking to expand in the next year. Improving access to capital would help unlock private investment, reduce expansion risk, and strengthen Canada's tourism competitiveness. Targeted, investment-focused policy measures can improve cash flow, support reinvestment, and help tourism businesses contribute more fully to Canada's economic and export objectives.

## RECOMMENDATION 3

**Implement a Capital Gains Reinvestment Deferral for tourism, allowing the deferral of capital gains tax where proceeds are reinvested into eligible capital-intensive tourism assets, to support business expansion, asset renewal, and long-term sector growth.**

## RECOMMENDATION 4

**Introduce an Accelerated Capital Cost Allowance for tourism assets to enable faster write-offs of capital investments, improving cash flow and incentivizing the development, modernization, and expansion of tourism infrastructure across Canada.**

## ACCESS TO CANADA

Access to Canada means more than crossing the border. It means helping international visitors and Canadians efficiently reach destinations across the country. Strengthening this access is essential to unlocking tourism's economic potential and supporting Canada's trade and export objectives.

Tourism is projected to contribute approximately 10%, up to \$30 billion, toward Canada's goal of generating an additional \$300 billion in non-U.S. exports by 2035.<sup>9</sup> As one of Canada's largest service exports, tourism brings international spending directly into local economies across the country. Overseas markets represent a significant opportunity for export growth, with demand forecasted to grow much faster than U.S. demand through 2035.<sup>9</sup> Increasing visitation from these markets would help diversify Canada's visitor base across regions and seasons while generating greater international spending.



However, limited regional air connectivity prevents many destinations from fully benefiting from this growth. In rural and remote regions, reduced air service constrains tourism development, limits access to emerging destinations and reduces the economic benefits visitors can bring to local communities.

Current federal programs are not sufficiently targeted to the continuity and sustainability of regional air service. Existing measures largely focus on infrastructure, airport capital upgrades, corridor funding, or temporary supports, rather than maintaining at-risk routes or supporting new service in underserved markets.

Leveraging existing federal tools to support new and at-risk regional air routes would improve access for travellers, strengthen local economies, and help tourism growth reach more communities across Canada.

## **RECOMMENDATION 5:**

**Broaden the existing National Trade Corridors Fund to include a dedicated Regional Air Connectivity Stream, strengthening regional air access by supporting route expansion and protecting at-risk air services in underserved markets. Expanded air services will help communities maintain essential connectivity and improve visitor access across Canada.**



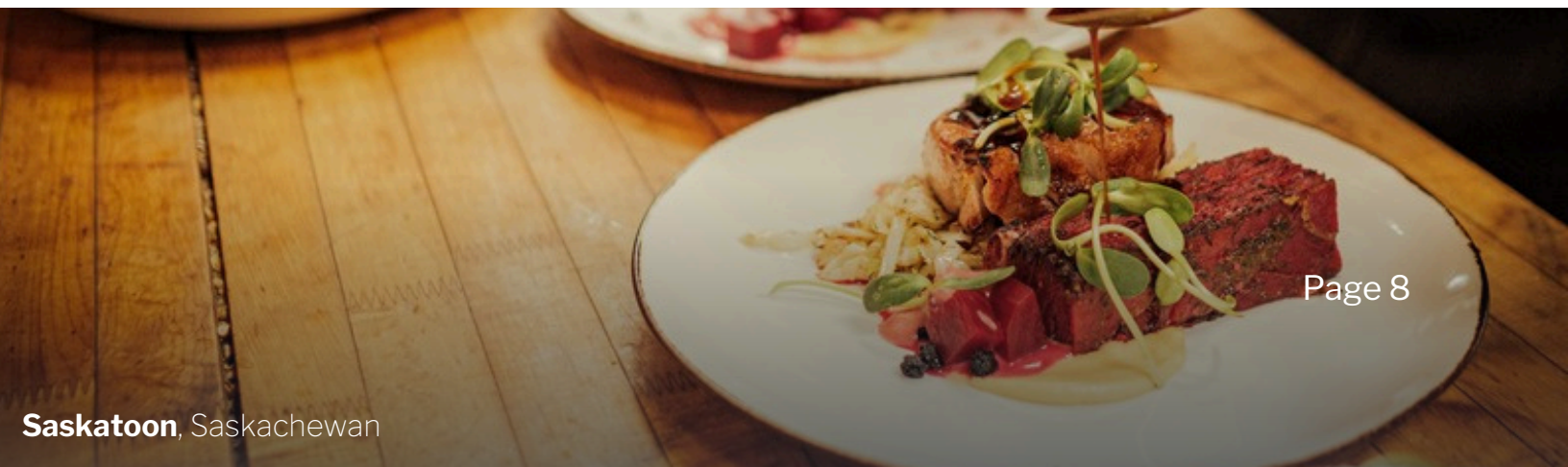
Beyond physical access, access to Canada also depends on the country's ability to compete for international visitors. In a highly competitive global environment, destination marketing plays a central role in attracting visitors and converting interest into travel.

Destination Canada is the federal government's primary vehicle for promoting Canada internationally, yet its base parliamentary appropriation has remained largely unchanged since 2017. Although departments have been instructed to identify savings, targeted investments that generate rapid and measurable economic returns should remain a priority. As Canada looks to grow the visitor economy, the greatest opportunity lies in attracting more international visitors and increasing export revenue through tourism.

An investment of \$30 million per year in Destination Canada's core programming would have an immediate positive impact by strengthening Canada's ability to compete globally, expand international marketing, support travel trade and business events attraction, and convert growing global demand into new spending in communities across the country. This investment would directly support the Government of Canada's export diversification objectives, including generating an additional \$300 billion in non-U.S. exports over the next decade. To fully meet the moment, Canada must ensure Destination Canada has the capacity to attract high-value international visitors and drive export-led growth in the tourism sector.

## **RECOMMENDATION 6:**

**Increase Destination Canada's base appropriation by \$30 million annually to expand Canada's international destination marketing and attract more high-value visitors from priority global markets, generating increased tourism spending, business revenue, and economic growth across Canada.**





## References

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6. Statistics Canada. Table 14-10-0406-01 Job vacancies, payroll employees, and job vacancy rate by industry sector, monthly, adjusted for seasonality
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8. 2024 Annual Report to Parliament on Immigration – Canada.ca
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A photograph of a bison and a person in a field at sunset, with a blurred foreground object.

## About the Tourism Industry Association of Canada

Founded in 1930 to encourage the development of tourism in Canada, the Tourism Industry Association of Canada (TIAC) serves as the national private-sector advocate for Canada's \$132.9 billion tourism sector. Based in Ottawa, TIAC acts on behalf of Canadian tourism businesses and promotes positive measures that help the industry grow and prosper.

TIAC is responsible for representing tourism interests at the national level, and its advocacy work involves promoting and supporting policies, programs and activities that will benefit the sector's growth and development.

TIAC's membership reflects partnerships among all sectors of the industry, and provincial, territorial and regional tourism associations, enabling the association to address the full range of issues facing Canadian tourism.





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