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*Travel Penticton/Nathan Penner*

# **TOURISM DRIVES CANADA'S GROWTH**

## **FEDERAL BUDGET SUBMISSION**

Submitted by:

**Tourism Industry Association of BC**

# Background & Context

Tourism is one of Canada's highest return-on-investment (ROI) growth sectors. In British Columbia, approximately 17,000 tourism and hospitality businesses support more than 350,000 jobs across every region. In 2024 B.C.'s tourism sector generated \$22B+ in economic activity and nearly \$9B in provincial GDP; nationally, tourism added \$50.8B to Canada's GDP. Every dollar invested in demand generation returns many more in visitor spending, strengthening communities, Indigenous enterprises, and rural economies.

Despite the rebound in demand, operators face ongoing challenges that hinder competitiveness and growth including, but not limited to: climate-driven disruptions and insurance access challenges; labour and housing shortages; high input costs and interest rates; gaps in air/coach/rail connectivity to rural and remote destinations; regulatory complexity across federal, provincial, and local authorities; and the need for stable, long-horizon destination marketing. These pressures are most acute for seasonal, rural, coastal, and Indigenous-led businesses that form the backbone of BC's visitor economy.

The Federal Tourism Growth Strategy (FTGS) sets ambitious 2030 goals (\$160 billion in demand; \$60 billion in GDP). Reaching them while preparing for global opportunities such as the 2026 FIFA World Cup requires targeted federal action that de-risks private investment, strengthens transportation links, stabilizes demand generation, and hardens the sector against climate and emergency shocks.

TIABC engaged members across all regions and subsectors, and reviewed studies and policies to align on five key recommendations for the Government of Canada's 2025 Fall Budget, that in our view, will help achieve the FTGS goals:

- ▶ Dedicated Tourism Infrastructure & Attraction Fund
- ▶ National Multi-Modal Connectivity Strategy
- ▶ Destination Marketing & International Competitiveness
- ▶ Emergency Preparedness & Business Continuity
- ▶ Targeted Tax Relief for Seasonal Tourism

# What Success Looks Like

## A. MORE RELIABLE TRANSPORTATION LINKS TO RURAL AND INDIGENOUS COMMUNITIES



## B. STABILIZED MARKETING CAPACITY AND BUSINESS EVENT WINS



## C. FASTER RECOVERY FROM VARIOUS CRISES WITH BUSINESS SURVIVAL AND CONTINUITY



## D. IMPROVED INVESTMENT CLIMATE WITH EXPANDED SECTOR CAPACITY



## E. STRONGER YEAR-ROUND EMPLOYMENT, KEEPING CANADA AND BC ON TRACK TO MEET FTGS TARGETS



This submission focusses on recommendations to unlock private investment, protect jobs and communities, and sustain Canada's brand as a world-leading destination.



# Why Tourism Matters



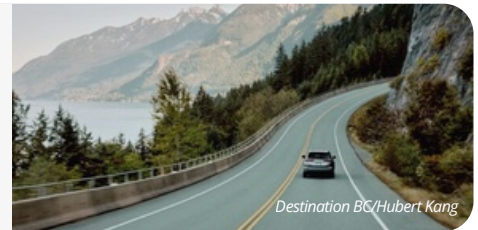
- Top-five export sector not subject to tariffs

- Supports 2M+ Canadian jobs and over 265,000 businesses



- Generates \$130B in annual economic activity and \$50.6B in GDP

- British Columbia contributes \$22.3B in revenue and employs over 350,000 in every region of the province



- Generates significant return-on-investment: for every \$1 invested in Destination Canada marketing, \$11.77 is generated in visitor spending

# TIABC Recommendations

Tourism is a high-return growth sector for Canada and British Columbia. It strengthens urban, rural, and Indigenous economies and brings non-tariffed export dollars into communities across the province.

With the following targeted federal actions vis-a-vis infrastructure and connectivity, stable demand generation, emergency readiness, taxation, and regulatory fixes, the Federal Government can unlock private investment, boost the economy, create new jobs, and keep BC and Canada globally competitive.

## #1 DEDICATED TOURISM INFRASTRUCTURE AND ATTRACTION FUND

Investment attraction in tourism matters as it multiplies economic impact and future proofs our destinations

- ▶ Launch a multi-year federal fund to support the expansion, renovation or development of large-scale and/or community-level tourism infrastructure projects, including, but not limited to:
  - Airports and regional airstrips
  - Conference/convention venues
  - Hotels and resorts
  - Major attractions, museums, cultural sites
  - Visitor facilities in rural/remote communities
- ▶ Introduce a tax credit program to incentivize private investment in new and upgraded tourism assets.



## #2 NATIONAL MULTI-MODAL CONNECTIVITY STRATEGY

To unlock growth and access, Canada should adopt a national multi-modal connectivity strategy that links destinations with targeted funding and public-private partnerships.

- ▶ Fund and coordinate development of an integrated transportation network connecting urban and rural destinations via airlines, passenger rail, motorcoach, ferry services, and active transportation routes.
- ▶ Provide route development funding and operational support for private-sector carriers to service under-served communities given that rural areas account for nearly 30% of the nation's gross domestic product.
- ▶ Introduce public-private partnership incentives such as grants, low-interest loans, or tax relief to encourage investment in routes, infrastructure and other necessities.
- ▶ Dedicate one percent of the Canada Public Transit Fund to private operators to supplement revenues and help mitigate high operating costs for communities underserved by transportation providers, particularly during slower times of the year (i.e. non-peak season).

## #3 DESTINATION MARKETING & INTERNATIONAL COMPETITIVENESS

There is a near-term window of opportunity with leisure, conference, and business travellers. Canada can convert these traveler segments into market share if we act quickly and invest meaningfully.

Targeted federal investments will position Canada ahead of competing destinations, locking in repeat domestic and international visitation, and event rotation, while boosting revenue for local businesses and communities.

- ▶ Permanently increase and stabilize Destination Canada's annual parliamentary appropriation by a minimum 40% to support long-term marketing.
- ▶ Extend funding to the International Convention Attraction Fund (ICAF) for a minimum of three years to build on the success of the program which has generated a return of 16:1 and created approximately 140 full-time equivalent jobs. The program scope should consider the inclusion of a signature events track, driving larger scale economic impact and visitation to create long-term legacy opportunities for communities across Canada.
- ▶ Develop and fund a national cruise sector strategy to maximize local economic benefits (e.g. Prince Rupert's rapid destination growth) and sustain infrastructure.
- ▶ Expand the Electronic Travel Authorization (eTA) program to existing and new countries to streamline visa processing, especially in consideration of the 2026 FIFA World Cup.

## #4 EMERGENCY PREPAREDNESS

To protect communities and the tourism economy from escalating climate driven disruptions, Canada should strengthen readiness, response, and recovery for affected tourism businesses.

- ▶ Fund and deploy a Canada-wide Emergency Lodging Platform (ELP) modelled on BC's pilot to coordinate hotel/motel, campground and other commercial rooms for evacuees and responders during major emergencies, integrated with provincial Emergency Support Services (ESS) systems. Start with a multi-province pilot and scale nationally within 24 months. [1]
- ▶ Introduce measures to improve insurance access for tourism SMEs facing astronomical premiums resulting in underinsurance or non-renewal as a consequence of climate-related emergency events that have significantly impacted the tourism sector. This could include a federal reinsurance backstop pilot for wildfire and related events (building on the flood program architecture). Additional considerations:
  - A targeted premium-stabilization credit tied to risk-reduction upgrades and a business interruption bridge for declared disasters
  - A modest federal tax credit to insurers that hold stable rates for eligible tourism SMEs.
- ▶ Provide business resumption grants for heavily affected tourism SMEs in crisis impacted areas to help with the first 90 days of restarting operations after a declared emergency.
- ▶ Introduce working capital loans for seasonal tourism operators (e.g. lodges, attractions, campgrounds, marinas) provided interest-free for a limited time, followed by low fixed rates for up to 10 years to help with recovery.



[1] [BC Hotel Association Announces Launch of Emergency Management Central Booking Portal - Destination BC - Destination BC](#)



## #5 MODERNIZE TAX RULES FOR SEASONAL TOURISM

Keep Canada competitive as a visitor destination by modernizing tax rules that currently have unintended consequences including suppressing investment.

- ▶ Repeal the Vessel Luxury Tax (RVLT) on recreational boats to restore price competitiveness, repatriate sales and refit/retrofit work to Canadian shipyards and dealers, and to safeguard employment in the marine tourism sector.

If a repeal is not adopted, suggested fixes include:

- **Commercial-use exemption:** Exempt vessels used more than 50% for tourism (e.g. guided fishing, whale-watching, crewed charters, eco-expeditions) with annual CRA attestation.
  - **Remove “tax-on-tax”:** Exclude GST/HST on the luxury tax portion of a boat purchase.
  - **Indexed threshold:** Adjust the vessel tax threshold upward (e.g. to **\$500,000**) and index annually to reflect inflation.
- ▶ Amend the Income Tax Act to deem all private, seasonal campgrounds as **active** businesses and not as a **passive** or Specified Investment Business (SIB), which would qualify them for the Small Business Tax Deduction.







Nelson Kootenay Lake Tourism/Kari Medig

Additionally, TIABC supports recommendations from the Tourism Industry Association of Canada (TIAC) and the British Columbia Hotel Association (BCHA) regarding vital workforce development programs to better support hospitality, and other high-need sectors, in addressing critical labour gaps.

By embracing these key policy and budgetary recommendations, the Federal Government can play a pivotal role in revitalizing the tourism industry, driving economic growth, and ensuring long-term prosperity for all Canadians. Implementing these measures will not only create jobs and support local economies but also enhance Canada's global competitiveness as a premier travel destination.

On behalf of TIABC members and stakeholders, we urge you to consider these recommendations and work collaboratively with industry stakeholders to implement effective and impactful measures.

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