

## Budget 2017: Survey of Impacts on the Tourism economy

### *Marketing: Destination Canada \$95.5 million in permanent funding starting in 2018*

The \$37.5 million allocated to permanent funding to Destination Canada (DC) raises DC's base funding amount to \$95.5 million per year starting in 2018. This gives Canada the opportunity to be a world leader in innovative tourism marketing, inviting the world to Canada.

### *Aboriginal Tourism Development: \$8.6 million over four years to support the development of Canada's unique and authentic Indigenous tourism industry*

The budget allocated \$8.6 million over four years, starting in 2017–18, to Indigenous and Northern Affairs Canada to support the development of Canada's unique and authentic Indigenous tourism industry, including contributing to the implementation of the Aboriginal Tourism Association of Canada's (ATAC) five-year Indigenous Tourism Strategy. This is a positive step forward for this important and growing aspect of the Canadian tourism industry, and we look forward to supporting our partners at ATAC to continue this positive growth.

### *Tourism Statistics: \$13.6 million over five years, to Statistics Canada to broaden tourism data collection*

The budget has allocated \$13.6 million over five years, to Statistics Canada to broaden tourism data collection, which will significantly strengthen the Canadian tourism industry's impact on the Canadian economy. After this five-year period, \$2.7 million will be allocated to ensure the maintenance of these improvements. The changes will allow for better measurement of tourism activity in Canadian provinces and territories.

### *Tax Measures and FCTIP:*

TIAC is disappointed with the elimination of the non-resident GST/HST rebate available on the accommodation portion of tour packages (known through the CRA as the Foreign Convention and Tour Incentive Program (FCTIP) program). The elimination of this rebate will increase the cost for foreign delegates attending conventions in which accommodation is included and for international tourists that have purchased an inclusive tour package. In fact, this incentive has been used as a sales and marketing tool to attract international conventions in an increasingly competitive international marketplace. The elimination of this rebate will make Canada less competitive in the group travel market as well as conventions and meetings sectors.

This rebate program was available to non-residents purchasing eligible tour package sold as an all-inclusive price, which include short-term and/or camping accommodation in Canada; and at least one service. Rebates of the GST paid in respect were available for:

- the accommodation portion of a tour package supplied to a non-resident;
- certain property and services used in the course of a foreign convention (generally defined as a convention where at least 75% of participants are non-residents and the sponsor is a non-resident) held in Canada; and

- the use of a convention site and related convention supplies acquired by non-resident exhibitors in respect of a foreign or Canadian convention held in Canada.

The Foreign Convention and Tour Incentive Program was introduced in Budget 2007 and became effective on April 1, 2007. This program replaced the former Visitors' Rebate Program introduced in 1991.

Although the number of beneficiaries of the FCTIP is not available from CRA, the suspension of FCTIP is projected to save the Government of Canada \$15 million per year. This repeal has been proposed as a government measure to 'eliminate inefficient tax measures' that have low pick up and high administrative costs. The rebate will continue to be available in respect of a supply of a tour package or accommodations made after March 22, 2016 but before January 1, 2018.

#### *Temporary Foreign Worker Program*

TIAC is pleased that an exemption from the 10% cap on Temporary Foreign Workers (TFWs) has been extended to the firms in seasonal industry starting in 2017. TIAC will work with the Government of Canada on amendments to the Immigration and Refugee Protection Act to ensure the Express Entry system is responsive to the needs of the Canadian Tourism labour market. A Labour Market responsive Express Entry system would contribute towards a permanent solution to forecasted labour supply gaps.

Budget 2017 provides an additional \$7.8 million over two years, starting in 2017-18, to implement a new Global Talent Stream under the Temporary Foreign Worker Program.

Budget 2017 also proposes to amend the Immigration and Refugee Protection Act to ensure that the Express Entry system - the system that manages Canada's economic permanent residence programs - is responsive to the needs of the Canadian labour market. It proposes to amend the Immigration and Refugee Protection Act to allow the Government to set relevant fees in a timely manner.

The Budget restated its previously announced changes to the TFW program. These changes will:

- Introduce stronger recruitment requirements for low-wage employers, where appropriate, so that Canadian workers that are traditionally underrepresented in the labour market have better access to available job opportunities.
- Eliminate the four-year cumulative duration rule, which has caused unnecessary hardship and instability for both temporary foreign workers and their employers.
- Extend the exemption to the cap on the number of low-wage temporary foreign workers employed by firms in seasonal industries for 2017.
- Include further work on developing pathways to permanent residency for temporary foreign workers.

#### *Expanding the Youth Employment Strategy:*

The tourism sector in Canada employs over 500,000 youth. TIAC supports measures that provide Canadian youth the opportunity to join the workforce and gain skills to find work or return to school.

Budget 2017 proposes to provide an additional \$395.5 million over three years, starting in 2017-18, for the Youth Employment Strategy. Combined with previously announced measures, these investments will help more than 33,000 vulnerable youth develop the skills they need to find work or go back to school, create jobs for young Canadians; and provide new employment opportunities for youth in the heritage sector.

#### *Parks Canada:*

The government reemphasized the 2017 free Parks Canada pass initiative, which is an ongoing initiative. It further reaffirmed the importance of Parks and their function as a place for Canadians to visit and enjoy, while keeping a commitment to conservation and ecological integrity. Parks received a boost of \$364 million over two years on a cash basis, starting in 2018–19 to continue its management of Canada’s national parks, marine conservation areas, and national heritage sites. \$30 million has also been added to complete the Trans Canada Trail.

#### *CATSA:*

TIAC is currently working with partners in NRTT to determine if the proposed \$152 million in 2017–18 for the Canadian Air Transport Security Authority (CATSA) represents new funding or a re-announcement of pre-allocated funds.

#### *Increased Duty on Alcohol*

The 2017 budget introduced a 2% increase in the excise duty rates on alcohol effective immediately. Rates will be automatically adjusted to the Consumer Price Index on April 1 of every year starting in 2018. This tax measure will have an impact on many tourism businesses across Canada.

March 23, 2017