



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

2025

BUDGET RECOMMENDATIONS

The Hotel Association of Canada's Pre-Budget
Submission in advance of the 2025 Budget.



RECOMMENDATION SUMMARY

Build a Competitive Business Environment

RECOMMENDATION #1: Increase and stabilize Destination Canada's budget to support additional leisure and events marketing, data collection and destination development, including an additional \$10 million to the International Convention Attraction Fund (ICAF).

RECOMMENDATION #2: Create a competitive investment climate for tourism products, including hotels, by: lowering marginal tax rates; enhancing Capital Cost Allowance rules for new hotels and hotel renovations, and permanently reversing proposed changes to the Capital Gains Tax.

Stop Fraudulent Hotel Bookings for Visitor Visa Applications & Modernize Canada's Borders

RECOMMENDATION #3: Prevent visitor visa applicants from making fraudulent hotel bookings using fake credit cards for their applications and collaborate with hotels to investigate and immigration consultants to prevent hotel bookings made with fake credit cards.

RECOMMENDATION #4: Modernize visitor visa systems for leisure and business events travellers to streamline and expedite processing.

Address Workforce Shortages in Hotels

RECOMMENDATION #5: Provide reliable funding to Tourism HR Canada to match underemployed Canadians with careers in tourism (\$3.5M/year for 5 years).

RECOMMENDATION #6: Issue multiple-entry visas and work permits for temporary foreign workers in rural, remote, and resort hotels to retain the same well-integrated workers multiple years in a row.

Context

The tourism industry generates \$113 billion for the Canadian economy every year and is a key driver of growth in every riding of the country.

The hotel industry is the cornerstone of the tourism sector worth \$16 billion annually and employs over 163,000 Canadians. Hotels in Canada, even those under international brands, are overwhelmingly small and medium-sized businesses (85%), many of them family-owned and deeply embedded in local communities.

Unlocking Canada's tourism growth potential requires tackling major barriers for hotels, which include a lack of targeted investment and capital support, fixing the border as well as workforce shortages.

Barrier to Growth #1: Competitiveness of Canada's Tourism Industry

Destination Marketing

Aggressive investments by key competitors like Australia, Spain, and France are eroding our market share of lucrative international and business travellers. Destination Canada forecasts Canada will lose \$2.4 billion in US market share alone by 2030.

International business events are crucial for Canadian hotels, driving high-yield business travel and occupancy during shoulder seasons. Unfortunately, this travel segment has yet to reach pre-pandemic levels. Currently, international business events are at 84% of their 2019 pace.¹

The International Convention and Attraction Fund (ICAF), run by Destination Canada, has secured over 21 international business events from 2025-2030 in the last two years alone. These events will generate \$122 million in direct economic impact and \$8.5 million in tax revenue, proving the outstanding ROI of the program.

RECOMMENDATION #1: Increase and stabilize Destination Canada's budget to support additional leisure and events marketing, data collection, and destination

¹ Destination Canada, Quarterly Tourism Snapshot Q3 2024

development, including an additional \$10 million to the International Convention Attraction Fund (ICAF).

Investment Climate

Destination Canada projects that by 2030, the tourism industry's growth could outpace the Canadian economy. However, rising input costs and inflation are limiting the hotel sector's expansion and ability to service growing demand. Given the additional economic uncertainty fueled by a tariff war with the United States, Canada must foster investment conditions that allow its most resilient sectors to prosper.

RECOMMENDATION #2: Create a competitive investment climate for tourism products, including hotels, by: lowering marginal tax rates; enhancing Capital Cost Allowance rules for new hotels and hotel renovations, and permanently reversing proposed changes to the Capital Gains Tax.

Barrier to Growth #2: Fix the Borders

A well-managed border is essential to Canada's security and economic prosperity. As scrutiny of the border is now at heightened levels, fixing what's broken in a way that won't thicken the border, should be a top priority.

Stop Fraudulent Hotel Bookings in Visitor Visa Applications & Modernize Canada's Borders

In 2024, 84% of HAC members reported fraudulent hotel bookings made with fake credits cards, resulting in an estimated \$462-603 million in lost revenue. Online tutorials from unethical immigration consultants suggest that these bookings are being made to strengthen visitor visa applications.

At the same time, Canada must modernize and improve leisure and business travel visa processing to attract more visitors and ensure a seamless entry process that strengthens the economy, while maintaining border integrity.

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hotels to investigate and immigration consultants to prevent hotel bookings made with fake credit cards.

RECOMMENDATION #4: Modernize visitor visa systems for leisure and business events travellers to streamline and expedite processing.

Barrier to Growth #3: Workforce

The tourism industry has made significant progress in recovering from a loss of one million workers during COVID. Yet, Canada's tourism industry, especially in rural and remote regions, continues to grapple with a critical workforce deficit.

Underemployed Canadians and Newcomers

The hotel sector can provide meaningful careers for underemployed Canadians, youth, and newcomers. Connecting these populations with hotel jobs can help address labour shortages and offer rewarding employment and economic stability.

RECOMMENDATION #5: Provide reliable funding to Tourism HR Canada to match underemployed Canadians with careers in tourism (\$3.5M/year for 5 years).

International Workforce to Fill Rural, Remote, and Seasonal Jobs

HAC's 2024 member survey reveals that 31% of hoteliers in rural, remote, and resort regions reported labour shortages have caused them to limit available rooms.

However, Canada simply does not have enough domestic workers to fill hotels' most in-demand positions. Programs like the Temporary Foreign Worker Program (TFWP) should be targeted to serve industries like hotels with a real need for seasonal and remote workers.

RECOMMENDATION #6: Issue multiple-entry visas and work permits for temporary foreign workers in rural, remote, and resort hotels to retain the same well-integrated workers multiple years in a row.