

Federal Budget 2023 Highlights

- Federal Budget 2023 confirmed the government will present a new Federal Tourism Growth Strategy to chart a course for growth, investment, and stability in Canada's tourism sector (**but no clear indication of when**).

Directly related to supporting tourism were two key investment announcements:

- **\$108 million over 3 years**, starting in 2023-24, to the **Regional Development Agencies** to support communities, small businesses, and non-profit organizations in developing local projects and events.
- **\$50 million over 3 years**, starting in 2023-24, to **Destination Canada** to attract major international conventions, conferences, and events to Canada.

Other tourism sector-related Budget announcements include:

- **Supporting Travel to Canada** – Visitors to Canada generate billions of dollars in revenue for the Canadian economy, strengthen our commercial and social ties with other countries, and support Canadian businesses. As air travel continues to recover from the pandemic, the federal government is committed to simplifying and expediting the application process for those seeking to visit Canada, while prioritizing national security. **Budget 2023 proposes to expand eligibility for the Electronic Travel Authorization Program to low-risk, trusted travellers from additional visa-required countries**—a service which is currently available only in Brazil. This will help make Canada a more attractive destination for trusted travellers, while allowing the government to focus resources where it matters most, such as on screening higher-risk travellers. The cost of this measure is \$50.8 million over four years in forgone revenue. Details on eligible countries will be announced in the coming weeks.
- **Protecting Passenger Rights** – When Canadians travel by air, their experience should be safe, dependable, and respectful of their rights. The Canadian Transportation Agency is responsible for ensuring Canada's transportation systems run smoothly and efficiently, for protecting consumers, and for holding airlines accountable. **In Budget 2023, the federal government is proposing new steps to strengthen the Canadian Transportation Agency, make airlines more accountable, and ensure that passengers are fairly compensated for delays and cancellations.** Budget 2023 proposes to amend

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the Canada Transportation Act to strengthen airline obligations to compensate passengers for delays and cancellations. These changes will align Canada's air passenger rights regime with those of leading international approaches and ensure that Canadians are fairly compensated for travel delays that are within airlines' control. Budget 2023 also announces the government's intention to amend the Canada Transportation Act to make the Canadian Transportation Agency's complaint adjudication process more efficient, and to provide the Minister of Transport with the authority to impose a regulatory charge on airlines to help cover the costs of resolving air passenger complaints.

- These measures build on the government's March 14, 2023, announcement of \$75.9 million over three years, starting in 2023-24, to ensure the Canadian Transportation Agency has the resources for enforcement and compliance, and to provide dispute resolution services to Canadians and businesses when they are unable to resolve issues directly with air, rail, or marine service providers.
- **Improving Airport Operations and Passenger Screening** – Airlines and airports around the world were hit hard by the pandemic, and those in Canada were no exception. As air travel returned through 2022, Canadians faced unacceptable flight delays, long lineups at airports, and mishandled baggage. While delays have been reduced in recent months, the federal government is acting to strengthen air passenger rights and improve Canadians' experiences at the airport. Budget 2023 proposes to provide \$1.8 billion over five years, starting in 2023-24, to the Canadian Air Transport Security Authority (CATSA) to maintain and increase its level of service, improve screening wait times, and strengthen security measures at airports. Budget 2023 proposes to amend the Canada Transportation Act to require the sharing and reporting of data by airports and air carriers. This will help to reduce delays and improve coordination between airports, airlines, and CATSA. Budget 2023 also proposes to provide \$5.2 million over five years, starting in 2023-24, to Transport Canada to collect and analyze air sector performance data.
- **Traveller Modernization** – In Budget 2023, the government proposes to introduce amendments to the Customs Act that will allow the Canada Border Services Agency to transform how low-risk travellers are processed when entering Canada through enhanced use of technology.
- **Cracking Down on Junk Fees** – Unexpected, hidden, and additional fees add up quickly. From internet overage charges, to roaming fees, to event fees, Canadians deal with junk fees every day. In Budget 2023, the federal government is taking action to crack down on junk fees, to continue to ensure businesses are transparent with prices, and to make life more affordable for Canadians. Budget 2023 announces the government's intention to work with

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regulatory agencies, provinces, and territories to reduce junk fees for Canadians. This could include higher telecom roaming charges, event and concert fees, **excessive baggage fees**, and unjustified shipping and freight fees.

- **Refocusing Government Spending to Deliver for Canadians - Budget 2023** proposes to reduce spending on consulting, other professional services, and travel by roughly 15 per cent of planned 2023-24 discretionary spending in **these areas**. This will result in savings of \$7.1 billion over five years, starting in 2023-24, and \$1.7 billion ongoing. The government will focus on targeting these reductions on professional services, particularly management consulting. **The government will also work with federal Crown corporations to ensure they achieve comparable spending reductions**, which would account for an estimated \$1.3 billion over four years starting in 2024-25, and \$450 million ongoing.
- **Investing in VIA Rail Trains and Services** – VIA Rail trains help to connect communities across Canada, including rural, remote, and Indigenous communities where other transportation options may be limited or unavailable, such as those between Winnipeg and Churchill, Prince Rupert and Jasper, or Montreal and Senneterre. However, many of VIA Rail’s trains require significant investments to ensure they can provide the service that Canadians deserve. **Budget 2023 proposes to provide \$210.0 million over five years, starting in 2023-24, with \$117.4 million in remaining amortization, to VIA Rail to conduct maintenance on its trains on routes outside the Québec City–Windsor Corridor and to maintain levels of service across its network.**
- **Building Communities Through Arts and Heritage** – Through the Building Communities Through Arts and Heritage program, the federal government supports opportunities for local artists, artisans, and heritage performers through festivals, events, and projects. This includes Indigenous cultural celebrations and the celebration of 2SLGBTQI+ communities. **Budget 2023 proposes to provide \$14.0 million over two years, starting in 2024-25, for the Department of Canadian Heritage to support the Building Communities Through Arts and Heritage program.**
- **Protecting Federally Regulated Gig Workers** – When workers are engaged in a typical employer-employee relationship, but are misclassified as something other than employees, they miss out on the same labour rights, protections, and entitlements as traditional employees. For those in the gig economy, such as those who rely on an app or digital platform for their source of work, this can have a real impact on the stability and security of their livelihoods. As a first step in addressing this, in 2021, the federal government made illegal the intentional misclassification of employees in the federally regulated private sector. **Budget 2023 proposes to amend the Canada Labour**

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Code to improve job protections for federally regulated gig workers by strengthening prohibitions against employee misclassification. This will help ensure all federally regulated workers receive the protections and employer contributions to which they are entitled, including Employment Insurance and the Canada Pension Plan.

- **Continuing Support for the Student Work Placement Program** – Work-integrated learning programs such as co-ops and internships play a critical role in helping students transition from post-secondary institutions to the workforce. The federal government recognizes the need to continue supporting students to develop work-ready skills, particularly in the context of an increasingly complex and evolving labour market. **Budget 2023 proposes to provide \$197.7 million in 2024-25 to the Student Work Placement Program to continue creating quality work-integrated learning opportunities for students through partnerships between employers and post-secondary education institutions.**
- **Continuing to Support Seasonal EI Claimants** – With a view to supporting seasonal EI claimants, the government introduced temporary rules in 2018 to provide up to five additional weeks—for a maximum of 45 weeks—for eligible seasonal workers in 13 economic regions. This support is set to expire in October 2023. **Budget 2023 proposes to extend this support for seasonal workers until October 2024.** The cost of this measure is estimated at \$147 million over three years, starting in 2023-24.
- **Safe and Reliable Ferry Services in Eastern Canada** – The federal government provides financial support for interprovincial ferry routes between Saint John, New Brunswick and Digby, Nova Scotia; Wood Islands, Prince Edward Island and Caribou, Nova Scotia; and Îles-de-la Madeleine, Quebec and Souris, Prince Edward Island. These ferry services are essential transportation links for communities, businesses, and tourism, and contribute an estimated \$141 million annually to the regional economy. **Budget 2023 proposes to provide \$29.9 million over two years, starting in 2023-24, to Transport Canada for the Ferry Services Contribution Program to support the continued safe and reliable operation of ferry services in Eastern Canada.** This will include the chartering of a second vessel for the Wood Islands-Caribou route.
- **Lowering Credit Card Transaction Fees for Small Businesses** – The pandemic brought an increase in people using credit cards when they shop. Small businesses pay fees to process credit card transactions, with the largest component being the “interchange fee” paid to credit card issuers. To support hardworking owners of small businesses, the federal government has been working closely with the payment card industry and small businesses to lower these transaction fees. **In Budget 2023, the government is announcing that it has secured commitments from Visa and Mastercard to lower fees for small businesses, while also protecting reward points for Canadian consumers offered by Canada’s large banks.**