



**DESTINATIONS**  
INTERNATIONAL

CANADIAN DESTINATION  
LEADERSHIP COUNCIL

# FREQUENTLY ASKED QUESTIONS (FAQs)

## ABOUT VISITOR BASED ASSESSMENTS IN CANADA



CAPE BRETON ISLAND, NS CANADA

[Visit Cape Breton Island](#)

### **What is a Visitor Based Assessment (VBA)?**

A Visitor Based Assessment (VBA) is a user-pay funding mechanism that generates revenues through an additional charge on services typically provided to visitors, most commonly through a flat fee on hotel stays and short-term accommodations. Because these funds are drawn from services that are typically sought after by out-of-town visitors rather than local residents, they are a reliable mechanism to generate revenues without increasing the tax burden on residents. Funds generated by VBAs are typically reinvested into tourism development and promotion strategies that benefit local economies and communities.

### **What is a Destination Organization?**

A destination organization—also known as a destination management organization (DMO), convention and visitor bureau, or regional tourism organization—is the entity responsible for promoting and developing a place as a desirable travel destination. These organizations lead efforts to attract visitors, meetings, events, and investment to their communities. They serve as strategic conveners of local stakeholders, industry partners, and public sector leaders to shape and enhance the visitor experience while ensuring that tourism contributes positively to residents' quality of life.

Destination organizations typically engage in marketing, branding, sales, destination stewardship, event hosting, tourism research, workforce development, and strategic planning. Their work supports small businesses, generates tax revenue, drives economic development, and generally makes their destinations more attractive communities to live, work, and invest. Whether in a major city or a rural region, destination organizations play a critical role in making communities more vibrant, resilient, and competitive on the national and global stage.

### **Why are VBAs important to Destination Organizations?**

VBAs are vital to the ability of Canadian destination organizations to remain competitive in an increasingly global tourism market. More than 250 community-based destination organizations operate across Canada, and over two-thirds rely wholly or in part on VBA-generated revenue. These funds are essential for building marketing capacity, supporting local tourism businesses, and providing stability required to enable long-term strategic planning. With VBAs, destination organizations are better equipped to stimulate job creation, attract infrastructure investment, and grow tourism revenues in ways that directly benefit small and medium-sized enterprises.

### **Who pays VBAs and how are they collected?**

The cost of a VBA is generally borne by the visitor because it is applied as a levy or fee on services delivered to visitors, most commonly the nightly cost of accommodations. These fees are collected either through legislated municipal or provincial taxes or through voluntary arrangements led by hotel associations. In the case of legislated models, the municipality or province may collect the fee and remit it to the destination organization, while voluntary models are usually organized at the local level and rely on broad participation from accommodation providers. The structure varies across Canada, but the underlying principle remains the same: visitors contribute directly to the management and promotion of the destination they are enjoying.

### **How are VBA funds used?**

VBA revenue is primarily invested in activities that generate demand, such as destination branding, marketing, and sales for both leisure travel and business events. Increasingly, these funds are also allocated to product development, tourism infrastructure, community engagement programs, research, and environmental stewardship initiatives. Destination organizations that manage VBA funds are responsible for shaping and promoting the brand identity of their communities, attracting conferences, sports tournaments, and major cultural events, and delivering legacy benefits that extend well beyond tourism.

### **What are the economic and social benefits of VBAs?**

VBAs are proven catalysts for economic and social development. Economically, they stimulate visitor spending, drive job creation, and generate municipal and provincial tax revenue. VBAs support a wide range of businesses—from restaurants and shops to tour operators and event venues—by generating year-round visitation. Socially, VBAs help fund community amenities, preserve cultural and natural assets, and support Indigenous tourism development. They may also contribute to workforce development, helping ensure a skilled workforce in the community. By generating reliable revenue from outside the resident tax base, VBAs reduce financial pressure on municipalities and enhance quality of life for locals.

### **How do VBAs support business events and conferences?**

For those destination organizations that attract events and conferences in their communities, VBA funding is a critical piece of their strategy. VBA funds are critical for bidding on and hosting high-value business events, such as trade shows, conferences, festivals, and sporting competitions. These events generate significant economic activity, and when they're well-managed, they also leave lasting legacies in sectors such as healthcare, education, research, and sustainability. For example, a medical conference may drive knowledge exchange and health innovation, while a clean energy expo may lead to investment in green technologies. These benefits are widely distributed across the host community and often lead to long-term reputational gains and renewed investment.

### **Are VBAs stable and reliable?**

VBAs are one of the most stable and reliable funding models for destination organizations. VBAs are a success-based model for funding destination promotion because they are tied directly to visitor activity; their performance reflects the health and growth of the tourism economy. When designed with dedicated-use provisions, VBAs provide predictability for long-term planning and investment. However, to maintain their integrity and effectiveness, VBAs must be protected from reallocation toward non-tourism uses. Without safeguards, they may become vulnerable to political or budgetary pressures. For this reason, it is critical that local policies and legislation clearly define and protect the use of these funds.



### What principles should guide the use of VBA funds?

The Canadian Destination Leadership Council (CDLC), which consists of the CEOs of destination organizations across Canada, has endorsed a set of twelve guiding principles for the management of VBA funds. These principles fall into four broad themes: ensuring funding is substantive, dedicated, and long-term; mandating stakeholder support and inclusivity; promoting transparency, accountability, and good governance; and ensuring fairness to consumers and industry partners. The principles call for clear reporting, community engagement, and advance notice of any rate changes to help sustain public and industry confidence in the system.

THEME	GUIDING PRINCIPLE	DESCRIPTION
<b>Funding Commitment</b>	<b>1. Substantive</b>	Generates the necessary funds for the recipient of the VBA funds to fulfill its mandate
	<b>2. Dedicated Use</b>	Funds collected have a clear and sole purpose to support leisure tourism, sports tourism, and business events
	<b>3. Long-term</b>	Funding remains in place for the long-term and grows based on proven results
<b>Mandated Support</b>	<b>4. Supported</b>	Eligible entity has a mandate from stakeholders to receive these funds
	<b>5. Inclusive</b>	Funds generated benefit the broader community and industry
<b>Accountability</b>	<b>6. Accountable</b>	Recipient of funds demonstrates clear benefits and line-of-sight between investment and performance
	<b>7. Good Governance</b>	Proper structure and processes are in place to provide fund oversight
	<b>8. Financial Reporting</b>	Funds collected and disbursed are clearly accounted for in financial reports
	<b>9. Flow-through</b>	Funds collected are for the purpose intended and never to generate dividends, retained earnings, or profit for private companies
	<b>10. Transparent</b>	Consumers and industry are entitled to full and accurate information as to the background, purpose, and benefits of VBAs
<b>Fairness</b>	<b>11. Fair</b>	Cumulative amount of fee(s) charged to consumer is reasonable
	<b>12. Advance Notice</b>	Changes to a VBA rate are communicated well in advance to industry and the marketplace

## Where can destination organizations get support for implementing a VBA?

Destination organizations looking to implement or strengthen a VBA can turn to Destinations International and the CDLC for guidance, advocacy support, and educational resources. Destinations International works with stakeholders across Canada to share best practices, promote national consistency, and advocate for the protection of VBA funding. More information at [destinationsinternational.org](https://www.destinationsinternational.org).





## WHO WE ARE



### DESTINATIONS INTERNATIONAL (DI)

Destinations International is the global association for destination professionals. We elevate destination organizations by educating, equipping, empowering and connecting our members to better fulfill their missions and achieve positive results around the world.



### THE CANADIAN LEADERSHIP COUNCIL (CDLC)

The Canadian Destination Leadership Council is a standing committee of Destinations International that consists of the chief executive of each of DI's Canadian destination members. The CDLC provides a forum for Canadian destination organization executives to meet regularly throughout the year to coordinate on key industry issues including advocacy, resourcing, policy, and marketing. As of 2025, the CDLC represents approximately 70 Canadian destinations across the country.

**VIEW THE FULL REPORT**



[destinationsinternational.org/reports/canadian-visitor-based-assessment-study](https://destinationsinternational.org/reports/canadian-visitor-based-assessment-study)

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