

Travel & Tourism

INDUSTRY UPDATE

Beth Potter, President and CEO
Tourism Industry Association of Canada

April 9, 2021





Over 35 years of diversified provincial and national association experience, with close to 20 years in the tourism sector.

From 2011 to 2021, served as President & CEO of the Tourism Industry Association of Ontario (TIAO).



Executive Summary / Executive

Posthaste: What Canada's hardest hit businesses want to see in the April 19 federal budget

Nearly 60% of businesses in the troubled sectors fear they will not survive

Yuhelab Hossain

Mar 24, 2021 • 3 days ago • 5 minute read • 10 Comments



<https://financialpost.com/executive/posthaste-what-canadas-hardest-hit-businesses-want-to-see-in-the-april-19-federal-budget>

Skift



Destinations

Canada's Vaccine Misstep Is Hurting Tourism Recovery

Lebawit Lily Cirma, Skift • Mar 16, 2021, 8:00 am

SKIFT TAKE

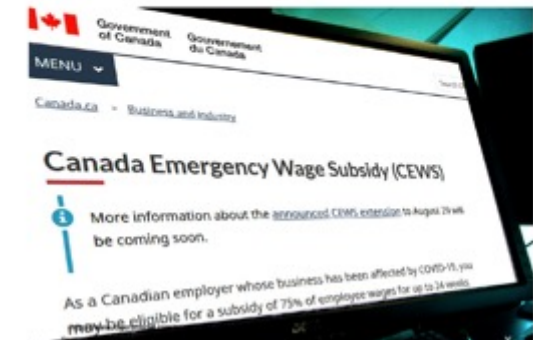
Things change fast in a pandemic. Canada ranked first in tight Covid restrictions, then it trailed the U.S. in vaccinations. Now it's playing catch up, while asking Canadians to help by spending the bulk of their vacation savings at home this summer, and not next door. Will they listen?

— Lebawit Lily Cirma



Hardest hit businesses call for extension of federal wage, rent subsidies

BY JORDAN PRESE AND JOAN ROYCE, THE CANADIAN PRESS
PUBLISHED MAR 24, 2021 4:05 AM EDT • LAST UPDATED MAR 24, 2021 AT 1:04 PM EDT



An Act to implement certain provisions of the economic statement tabled in Parliament on November 30, 2020 and other measures

C-14

Loi portant exécution de certaines dispositions de l'énoncé économique déposé au Parlement le 30 novembre 2020 et mettant en œuvre d'autres mesures

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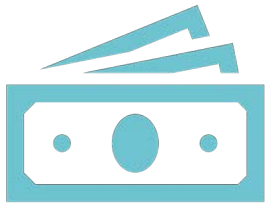
A person in a green jacket and blue helmet is rappelling down a steep, rocky cliff face. The cliff is composed of dark, layered rock with some green vegetation growing on it. A thin rope is visible extending across the frame. The background shows more of the cliff and some distant structures.

TIAC has been working with an Industry Recovery Committee to inform its recommendations since early 2020.

This committee of tourism leaders encompasses representatives from across Canada, and from all sectors of the tourism economy.

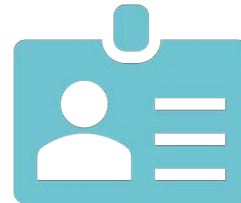
THE TOURISM ECONOMY IN CANADA...

Prior to COVID-19, tourism was one of the fastest growing industries in the world.



TRAVEL IS A \$105 BILLION SECTOR

- Accounts for **2% of Canada's GDP**
- **Largest service export** in Canada – \$23.1 Billion



1.8 MILLION WORKERS

- **1 out of every 10 jobs** in Canada is directly involved with travellers



Tourism was the **first hit, hardest hit, and will be the last to recover.**

TOURISM RECOVERY PLAN


This plan was created to ensure Canada's Tourism Economy Survival, and Global Competitiveness as we plan for a time when it is safe to travel again.

Our recommendations are outlined under the following three themes:

- Supporting Business Solvency
- Championing Safety
- Keeping Canada Globally Competitive

Recommendations are based on the following three phases.



A person wearing a wide-brimmed hat and a long, light-colored tunic with a dark belt is walking away from the camera on a dirt path through a dense forest. The path is surrounded by tall, thin trees and lush green moss on the ground. The lighting is soft, suggesting a dappled sunlight effect.

It is important to note that, Indigenous tourism operators have disproportionately fallen outside the criteria of Government relief supports.

To protect viable businesses in this emerging sector, it is vital that an Indigenous lens be placed on all recovery measures.

A man and a woman are working together at a desk. The man, on the left, has curly hair and is looking down at a tablet. The woman, on the right, has her hair tied back and is also looking at the tablet. They are both wearing casual clothing. On the desk, there is a tablet, some papers, and a pair of glasses. The background is slightly blurred, showing what appears to be a workshop or office setting.

SUPPORTING BUSINESS SOLVENCY

**Businesses have lost revenue and cashflow,
but fixed expenses continue.**

**It is recommended that extensions of existing
business support programs go directly to those
that need it the most and support the hardest
hit businesses into recovery.**

SUPPORTING BUSINESS SOLVENCY

Highly Affected Sectors Credit Availability Program (HASCAP)

- Program details announced January 26, 2021.
- Imperative that the program was available by February 2021, and available on a per property basis for those with multiple properties (ie. hotels).
- Collecting industry responses on experience with program.



Program details announced January 26, 2021

- » Financial institutions accepting applications as of February 1, 2021
- » 100% government backed loans
- » Up to \$1M per business and up to \$6.25M for affiliated businesses

SUPPORTING BUSINESS SOLVENCY

Regional Relief and Recovery Fund (RRRF) – Tourism Envelope

- RRRF Funding must prioritize supporting tourism stakeholders that are unable to get relief from other business support programs.
- Program must be available on a per property basis and must provide support to owners of multiple businesses.
- The RRRF must be made available to not-for-profit tourism associations with contractual relationships but no staff and support Destination Marketing Organizations.

SUPPORTING BUSINESS SOLVENCY

A March 2021 survey by the Coalition of the Hardest Hit Businesses revealed that **60%** of Canada's hardest hit businesses will not survive if the Canada Emergency Wage Subsidy (CEWS) as well as the Canada Emergency Rent Subsidy (CERS) are not extended beyond the June 5th deadline to the end of the year.

**First hit.
Last to recover.**

60% of businesses will be unable to stay operational without an extension to CEWS & CERS

SUPPORTING BUSINESS SOLVENCY

Canada Emergency Wage Subsidy (CEWS)

- Increase subsidy to 85% for hardest hit businesses until the end of summer 2021.
- Ensure the program works for seasonal businesses, associations and other tourism businesses that show no revenues in specific periods due to business cycles but have year-round employees.
- ✓ Base year to date revenue comparisons off 2019 or rolling reduction for 12 months.
- Modify program criteria to include 100% of costs to carry furloughed employees.



SUPPORTING BUSINESS SOLVENCY

Canada Emergency Rent Subsidy (CERS)

- Enable access to the 90% top up for businesses that are impacted by limitations on mass gatherings and travel restrictions and include businesses that have provided essential services but have not closed.



SUPPORTING BUSINESS SOLVENCY

Air Sector Support

- Provide immediate liquidity for the aviation sector by supporting carriers, airports and by providing sufficient funding to government service providers such as NavCan and Canadian Air Transport Security Authority (CATSA).
- Establish incentives for airlines to maintain service to remote communities.
- Eliminate airport ground lease rent.

“Canada is an outlier when it comes to direct financial aid to the air sector and is losing market share to global carriers.”



CHAMPIONING SAFETY

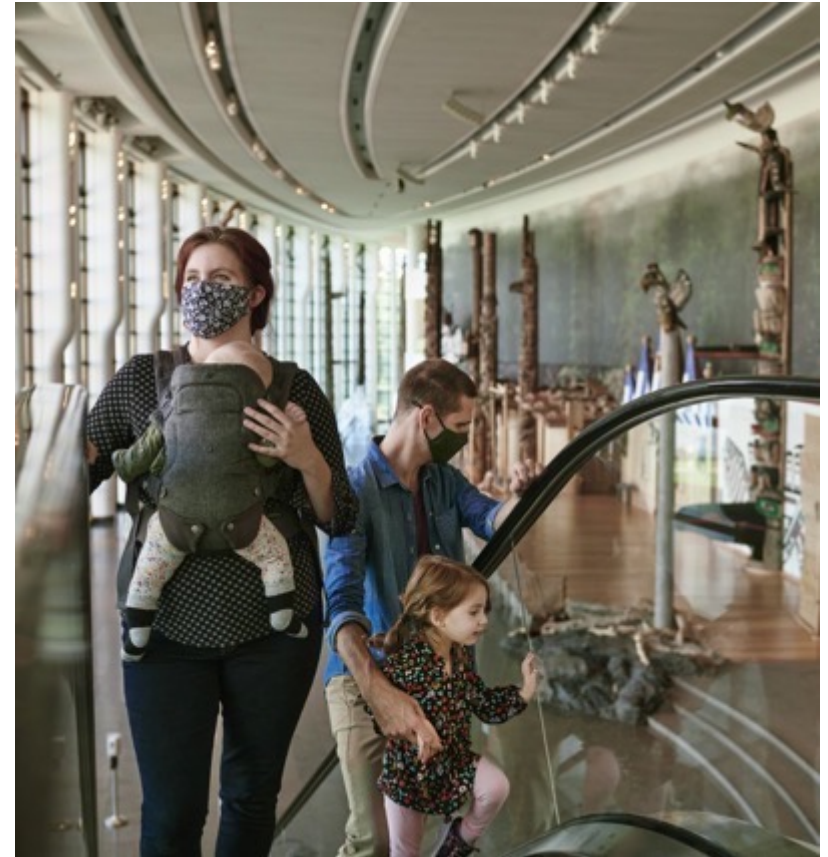
Canada's tourism economy recovery will be dependent on safe re-opening of Canada's borders, investments in rapid testing and measures to control importation of the virus.

Tourism businesses and the Canadians they employ need to understand what conditions are required before provincial/territorial and international borders can reopen in order to properly plan for their future.

CHAMPIONING SAFETY

Recommendations

- Provide government financial support for rapid testing and contact tracing programs to keep Canadians safe and to reinstate travel.
- Use current international and industry data and available science to inform the reduction or elimination of quarantine measures.
- Provide tourism businesses with tax credits to help defray costs associated with safety protocols.
- Provide federal guidance on a policy roadmap to safely reopen provincial/territorial and international borders by managing the risk of contagion with testing as a replacement for quarantine measures.





KEEPING CANADA GLOBALLY COMPETITIVE

People will travel again.

**Let's make sure our tourism
economy is ready for it by planning
for our global competitiveness to
recover.**

KEEPING CANADA GLOBALLY COMPETITIVE

Recommendations

- Provide **at least \$225 million top up funding to Destination Canada** over three years.



KEEPING CANADA GLOBALLY COMPETITIVE

Recommendations

- Provide a **tax incentive** to Canadians for the 2021/2022 tax years to travel locally or within Canada.
- **Re-introduce the federally funded Marquee Tourism Events Program (MTEP)** to support key festivals and events across Canada.



KEEPING CANADA GLOBALLY COMPETITIVE

Recommendations

- Develop a **Business Events and Urban Recovery funding program** to help support urban DMOs replace businesses meetings and events losses.
- **Reinstate the visitor GST program** for international visitors.



KEEPING CANADA GLOBALLY COMPETITIVE

Recommendations

- **Provide targeted funding for labour market research and skill and capacity building programs** that prioritize jobs in the **Tourism Economy**.
- **Extend work visas** for a full year and waive fees until 2022, and ensure immigration programs meet future tourism labour demands.



Summary of Recommendations

RESPONSE – Government support for business solvency is vital and ongoing
RECOVERY – Government investments are required to encourage Canadians to explore Canada and to keep Canada competitive on the global stage
RESILIENCE – Government investments and commitments support tourism growth, sustainability and resilience

Themes	Areas of Focus	Recommendations
Supporting Business Solvency	HASCAP ✓	Financial institutions must be ready to receive HASCAP applications by February 2021
		HASCAP must be available on a per property basis
	RRRF	RRRF funding must prioritize supporting tourism stakeholders
		RRRF program must be available on a per property basis
		RRRF must be made available to not-for-profit tourism associations with contractual relationships but no staff and support Destination Marketing Organization
	CERS	Enable access to the 90% top up for businesses that are impacted by limitations on mass gatherings and travel restrictions, and include businesses that have provided essential services but have not closed due to the eligibility criteria
	CEWS ✓	Increase CEWS subsidy to 85% for hardest hit businesses until the end of summer 2021
		Ensure CEWS works for seasonal businesses, associations and other tourism business-es that show no revenues in specific period due to business cycles
		Base CEWS year-to-date revenue comparison on 2019 or a rolling reduction for 12 months
	Aviation Support	Modify CEWS criteria to include 100% of the costs to carry furloughed employees
		Provide immediate liquidity for the aviation sector by supporting carriers, airports and by providing sufficient funding to government service providers such as NavCan and Canadian Air Transport Security Authority (CATSA).
		Establish incentives for airlines to maintain service to remote communities.
Championing Safety	Safety and Testing	Eliminate airport ground lease rent.
	Borders	Provide tourism businesses with tax credits to help defray costs associated with safety protocols
		Provide government financial support for rapid testing
Keeping Canada Globally Competitive	Unlocking Potential	Provide federal guidance on a policy roadmap to safely re-open provincial/territorial and international borders
		Use current international and industry data and available science to inform the re-reduction or elimination of quarantine measures.
		Provide a tax incentive to Canadians for the 2021/2022 tax years to travel locally or within Canada.
		Re-introduce the federally funded Marquee Tourism Events Program (MTEP)
		Develop a Business Events and Urban Recovery funding program
	Labour	Provide top up funding to Destination Canada
		Reinstate a visitor GST rebate program for international visitors
		Provide funding for labour market research and skill and capacity building programs
		Extend work visas for a full year and waive fees until 2022 and ensure immigration programs meet future tourism labour demands

THANK YOU

Chaired by TIAC's Board Chair, Dave McKenna and the President of the Banff Jasper Collection by Pursuit.

Industry Members include:

Vince Accardi, Acting CEO and Vice-President, Stakeholder Relations and Business Development, Tourism Industry Association of Canada

Nancy Stibbard, Owner and CEO, Capilano Group

Mike McNaney, President and CEO, National Airlines Council of Canada

Steve Sammut, President and CEO Rocky Mountaineer

Paul Nursey, President and CEO, Destination Greater Victoria

Jean-Michel Ryan, President, Mount Sutton, Quebec

Cathy Duke, CEO, Destination St. John's

Cathy Pugh, General Manager, Fredericton Convention Centre

Barry Smith, Executive Director, Convention Centres of Canada

Andrew Lind, Chief Operating Officer, Muskoka Language International

Ian Clark, Chief Financial Officer, Greater Toronto Airports Authority

Christina Franc, Executive Director of Canadian Association of Fairs and Exhibitions

Don Cleary, President of Marriott Hotels of Canada

Teresa Ryder, Director of Business Development, Indigenous Tourism Association of Canada

Martin Roy, Executive Director, Festivals and Major Events Canada (FAME)

David Munteer President and CEO, Jonview Canada

Kurt Huck, President, Passenger & Commercial Vessel Association

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