

SUMMARY OF TOURISM RECOVERY MEASURES TO SUPPORT

CANADA'S VISITOR ECONOMY

PREPARED BY

TIAC RECOVERY COMMITTEE

FINAL MAY 20, 2020

CONTENTS

INTRODUCTION	3
CHAMPIONING SAFETY	5
SUSTAINING LIQUIDITY AND SUPPORTING SOLVENCY	6
ENTICING CANADIANS TO EXPLORE CANADA	7
REPOSITIONING CANADA'S VISITOR ECONOMY	7
SUPERCHARGING THE CANADIAN ECONOMY	8
APPENDIX - COMMITTEE LIST	9



INTRODUCTION

As part of the 2019 federal budget, the visitor economy was recognized as Canada's number one service export accounting for one in ten jobs, with government committing to invest in the sector to create middle class jobs, grow Canada's economy, and bring new opportunities and pride to communities looking for a chance to show the world what they have. As such, as part of the government's broader innovation strategy, tourism was designated Canada's 7th Economic Strategy Table.

One year later, the visitor economy is now facing unprecedented hardship as a result of COVID-19. Despite the fact that some businesses benefited from government supports already in place with many still not qualifying, recent research conducted by McKinsey & Company in collaboration with Destination Canada concludes that without further government investments, 61,000 tourism businesses (57% of total) are projected to fail, and 1.66 million tourism sector employees could be laid off (~83% of total) greatly affecting, women; youth, visible minorities; new Canadians and Indigenous owned businesses and workforces. Pre-COVID-19, tourism was Canada's 5th-largest sector, responsible for 10% of Canadian jobs and 2% of GDP.

Based on McKinsey's Sustaining Canada's tourism sector through COVID-19 report findings, Canada's visitor economy is unlikely to quickly "bounce back" once the pandemic has ended. This crisis has struck on the cusp of the busy summer season (June-August) that is responsible for 36% of the tourism sector's annual revenues and the lion's share of most tourism businesses' profits. Should progression of this pandemic and consequent emergency orders continue past the July 1 holiday weekend, it is unlikely that tourism businesses will be able to profitably restart before the end of the summer season. Therefore, businesses that survive beyond May will likely struggle to remain viable over the next 12 to 14 months or until the 2021 summer season begins.

The containment of the COVID-19 pandemic is of paramount importance to the travel economy and the communities in which our businesses operate. The industry has been supportive of measures taken to mitigate the impact of this pandemic and protect the health and safety of Canadians. We also agree that the first step to recovery will be to allow local and regional travel with appropriate safety measures in place. That said, with economic conditions continuing to decline and the importance of the international travel market in stimulating growth, it is imperative to ensure that when tourism businesses gradually re-open and travel restarts, a balanced approach and careful consideration to border openings is in place to accelerate the overall economic recovery of the country. The importance of the travel economy to Canada's job market also cannot be over-stated since tourism provides one of the most diversified workforces and is a major source of employment for youth as well as several under-represented groups. The loss of youth jobs in particular could have long-term implications in the ability of this key cohort to find employment on a longer-term basis.

Welcoming visitors from safe destinations and re-opening the education and business meeting segments will also be critical to tourism's recovery. The industry is eager to work with government and health officials in developing safe and appropriate measures for the responsible re-launch of the travel economy.

Government intervention is required to address immediate structural issues to ensure viable businesses survive beyond May while mid and long-term stimulus and policy measures are required to position the sector for a rebound, to long-term sustainability and ultimately, back to growth.

It is important to note that to date, Indigenous tourism operators have disproportionately fallen outside the criteria of Government relief measures. To protect viable businesses in this emerging sector, it is vital that an Indigenous lens be placed on all relief and recovery measures.

The following Industry recovery recommendations have been informed by a committee of tourism leaders representing all sectors of the visitor economy across all regions of Canada. These recovery recommendations have been grouped into the following headings:

- **Championing Safety**
- **Sustaining Liquidity and Supporting Solvency**
- **Enticing Canadians to travel**
- **Repositioning Canada's Visitor Economy**
- **Supercharging the Canadian Economy**

These headings are further broken out into the following timeframes:

- **Immediate** - requiring action in the next 30 days to provide support to the tourism sector that addresses gaps in eligibility of already announced measures that are accessible to all businesses
- **Short** – changes to current GOC programs or policies required in the next 20 – 40 days
- **Mid** – changes to current GOC programs required in the 30-90 days to support recovery
- **Long** – changes to current GOC programs or new policies required to support the long-term recovery that will keep Canada top-of-mind as a place to visit while public health measures are in place, and reintroduce marketing ahead of demand returning

CHAMPIONING SAFETY

Ensuring coordinated regulatory efforts for developing a climate of public safety, including investments in the processes and infrastructure that will keep Canadians and our guests safe to support future visits and therefore industry recovery.

IMMEDIATE NEED

To avoid unintended consequences, a consultative approach with the Tourism industry to create an integrated set of reopening guidelines and protocols with the provinces and territories to build confidence for workers and consumers;

- To help determine timelines and locations where tourism can rebound, provide regionally-focused information on COVID-19 cases (i.e. Muskoka versus Toronto) in real time to help guide industry plans to re-open
- Develop funding programs to assist businesses in the capital and/or operating costs of potential new health and safety requirements
- Develop a whole-of-Government approach with various federal agencies such as Parks Canada Agency, Transport Canada, Canada Lands, port authorities, etc, to lead a return to operations initiative by deferring to the Public Health and local and regional Health Authority recommendations and protocol. Conversely, with respect to points of entry to Canada or concerning interprovincial travel, the government should pursue a coordinated and harmonized approach at the national level and with provincial governments, as well as international authorities

SHORT TERM

- Provide tax credits to help defray costs associated with new sanitation regulations and social distancing guidelines
- Provide a COVID-19 safety capital fund for immediate deployment towards health and safety related infrastructure critical to facility operations ensuring the safety of Canadians and the travelling public

SUSTAINING LIQUIDITY AND SUPPORTING SOLVENCY

Driven mostly by lack of cashflow and the continuation of fixed expenses like rent, mortgages, property taxes and utilities could result in the closure of ~61,000 tourism businesses and ~1.6 million total layoffs in a scenario of 60 days with 100% revenue decline. Ensuring Canada's travel economy – across sectors – is positioned to financially survive the next 2-24 months of recovery is vital.

IMMEDIATE NEED

- Changes to the Business Credit Availability Program (BCAP) to 100% government backed loans up to \$6.25M for businesses showing a significant decline in revenue with forgivable portions to cover fixed costs and the elimination of Bank fees until a period when revenue reaches 70% of normal monthly activity
 - Ensure BCAP is available to Indigenous tourism businesses through equitable and fair assessment, and flexible application of eligibility criteria
- Broaden Canada Emergency Wage Subsidy to accommodate seasonal business and workers into winter 2020-2021
- Extend Canada Emergency Wage Subsidy (CEWS) at least until a 30% revenue decline has been recovered for businesses hardest hit
- Expand Stimulus Development Grants for Indigenous businesses through the Indigenous Tourism Industry Association of Canada
- Tax Deferrals until 2022 for employees under the Canada Emergency Wage Subsidy (CEWS)
- Federal coordination to temporarily standardize provincial legislation to extend layoffs periods beyond the 13-week average
- Provide a 24-month reprieve from Air Transportation Security air navigation fees, and excise tax on jet fuel
- Permanently eliminate airport ground lease rent
- Waive commercial land rents for tourism businesses through all Crown Corporations and for businesses in national parks or other federal infrastructure including Canada lands, port authorities, national historic sites and all other lands owned by the federal government until July 2021

SHORT TERM

- Establish incentives for airlines to maintain service to smaller communities
- Lower federal fees and levies related to air travel costs
- Provide tax credits for business R&D and product development

MID TERM

- Development of a federally-funded Special Events (business events, festivals, fairs, sporting) Development Fund to attract US and International meetings to Canada
- Introduce stimulus in the form government backed loans and grants of \$1B that expedite capital projects demonstrated to generate jobs and accretive to pre-COVID economic earnings

ENTICING CANADIANS TO EXPLORE CANADA

When appropriate, targeted and collaborative positive messaging about a return to normalcy and the reassurance that it is safe to travel will help accelerate recovery.

IMMEDIATE NEED

- Provide increased funding to Destination Canada to support Destination Marketing Organizations (DMO) recovery and to support Meetings and Conventions

SHORT TERM

- Create a federal tax incentive /credit for Canadians to travel within Canada through a \$2,000 tax credit per household for domestic travel in 2020

MID TERM

- Provide increased funding to Destination Canada to invest in DMO-led marketing campaigns which include leisure and business meetings and sporting events
- Provide funding for Agri-tourism (wine tours, etc.) in rural communities who do not have DMOs to support their marketing efforts
- Establish GST rebates for domestic flights
- Establish incentives for airlines to maintain service at smaller communities
- Waive 2021 National Park and National Historic Site entrance fees

REPOSITIONING CANADA'S VISITOR ECONOMY

To re-emerge as a stronger, more cost-competitive global tourism competitor

MID TERM

- Reinstate the Canada's visitor rebate program (GST rebate) and permit arrivals duty free to promote made-in-Canada products at airports with international traffic
- Permanently eliminate airport ground lease rent

LONG TERM

- Provide funding for sustainable (re)development projects
- Provide federally-funded, skill and capacity programs that prioritize jobs in the visitor economy
- Streamline visa process to facilitate access by international visitors and create a more globally competitive landscape for Canada
- Path to immigration for all streams and for all skill levels that include hospitality
- Establish long-term incremental funding model to boost tourism's momentum

SUPERCHARGING THE CANADIAN ECONOMY

Through fast-tracking growth capital

IMMEDIATE NEED

- Extend work visas for a full year and waive fees until 2022
- Provide self-isolation subsidies for all temporary foreign workers
- Develop a national refund vs rebooking policy coordinated with provincial authorities for operators of tourism attractions
- Develop funding assistance programs to support canceled festivals, fairs, live entertainment, and business events
- Changes to the Business Credit Availability Program (BCAP) to 100% government backed loans up to \$6.25M for businesses showing a significant decline in revenue with forgivable portions to cover fixed costs until a period when revenue reaches 70% of normal monthly activity

SHORT TERM

- Develop funding programs to assist businesses meet new health requirements
- Introduce a 36 month stimulus fund of \$1B in the form government backed loans and grants that expedite capital projects demonstrated to generate jobs and accretive to pre-COVID economic earnings

MID TERM

- Develop funding programs to support festivals, fairs, sporting events and business events
- Develop a federally-funded Business Events and Convention Development Fund to be jointly administered with Destination Marketing Organizations

LONG TERM

- Develop Tax credits for business and product development
- Develop tax incentive or funding assistance for businesses to incent tourism marketing to international markets

APPENDIX - COMMITTEE LIST

The recommendations included in this document have been informed by a dedicated committee of tourism leaders representing all sectors of the visitor economy across all regions of Canada.

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

INDUSTRY MEMBERS INCLUDE:

- Charlotte Bell, President and CEO, Tourism Industry Association of Canada
- Steve Sammut, President and CEO, Rocky Mountaineer
- Cathy Duke, CEO, Destination St. John's
- Andrew Lind, Chief Operating Officer, Muskoka Language International
- Don Cleary, President of Marriott Hotels of Canada
- Nancy Stibbard, Owner and CEO, Capilano Group
- Paul Nursey, President and CEO, Destination Greater Victoria
- Cathy Pugh, General Manager, Fredericton Convention Centre
- Ian Clark, Chief Financial Officer, Greater Toronto Airports Authority
- Teresa Ryder, Director of Business Development, Indigenous Tourism Association of Canada
- David Mounteer President and CEO, Jonview Canada
- Mike McNaney, President and CEO, National Airlines Council of Canada
- Jean-Michel Ryan, President, Mount Sutton, Quebec
- Barry Smith, Executive Director, Convention Centres of Canada
- Christina Franc, Executive Director of Canadian Association of Fairs and Exhibitions