



March 16, 2020

The Honourable Bill Morneau
Minister of Finance
Department of Finance
House of Commons
Ottawa, ON
K1A 0A6

Dear Minister Morneau:

I am writing today on behalf of the Tourism Industry Association of Canada (TIAC) which represents the full spectrum of the Canadian travel economy, including accommodations, transportation, attractions, destinations, as well as meetings and conventions. As you know, collectively, the travel economy includes more than 200,000 businesses nationwide - the majority of which are small businesses - that jointly support 1.8 million jobs, contribute in excess of \$100 Billion to the Canadian economy on an annual basis, as well as 2.1% of Canada's GDP, with the meetings and conventions sector alone garnering in excess of \$33 Billion. Collectively, this industry is an important economic engine for the Canadian economy as recognized by government through its designation of tourism as Canada's 7th economic pillar in the last federal budget.

Let me begin by saying that we appreciate the steps already taken by the federal government to mitigate impacts in a responsible manner and assist Canadian citizens as well as businesses, including the tourism industry, in the face of an unprecedented and quickly-evolving situation. While we recognize that this situation is fluid and growing at a breakneck pace, the travel economy is one of the first and most severely impacted sectors of not only the Canadian economy but also the global economy in the immediate term. The Indigenous tourism sector alone is at imminent risk of losing 500 small businesses and more than 12,000 jobs and the hotel industry is also experiencing devastating impacts that require immediate liquidity support to ensure hotel survival during this period.

Whether large or small, travel-related businesses of all sizes are experiencing abrupt and direct impacts that will have long-term disastrous repercussions unless we put short-term relief measures in place immediately to keep businesses afloat during the crisis. All businesses, including Canada's hotel industry are being severely impacted in the very immediate term and must receive relief now. We also urge the federal government to develop a robust recovery plan now, to ensure Canada is ready and able to bounce back quickly when the crisis is over. It is not an over-statement to say that tourism is the proverbial "canary in the coalmine" and the first sector to experience extreme, severe and immediate impacts of this global pandemic. It is also one of the sectors that has the greatest potential to rebound quickly and significantly contribute to the recovery of the Canadian economy as a whole.

Last week, the government announced several measures and tools that Canadian businesses and individuals can access to help mitigate impacts. These measures, including credit facilities of \$10 Billion, enhanced and more flexible employment insurance programs, further reduction of

interest rates as well as increased funding for provinces to address healthcare needs are vital and much needed. As announced during last Friday's press conference, the government recognizes that more needs to be done and will make further announcements in the coming days.

At this time, we are hearing from our members from coast to coast to coast that impacts are steep, precipitous and worsening with each passing day as travel cancellations grow at an accelerated rate and revenues decline. Impacts range from hundreds of thousands of dollars to several million dollars for individual businesses. As governments seek to thwart health risks from the spread of COVID-19, travel and tourism restrictions are at the forefront of immediate measures taken. These measures, while necessary to preserve the health of Canadians, have resulted in an almost standstill of travel to, from and within Canada. As a result, an alarming number of small businesses in this sector are facing imminent closure unless they can access credit in the next few days to stay afloat.

To be clear, bold measures are needed now, within days - not weeks or months, to ensure the survival of this industry. In the short-term, we strongly urge the Government of Canada to put the following measures in place:

- **Specialized or fast-tracked liquidity options for businesses operating in the tourism and travel sector**

Credit facilities must be increased substantially to address the growing need of protecting businesses from bankruptcy in the coming days and weeks. Ensuring accelerated and priority access for tourism businesses for credit support programs through the BDC and EDC is essential for the survival of an industry that is most hardily hit and that will be key to Canada's economic recovery when this crisis is over.

We must also ensure indigenous tourism businesses have access to such funding as businesses based on Reserves are often excluded from various funding programs and will be severely impacted without access to these kinds of programs. A dedicated Indigenous-tourism travel credit program is also an option.

- **Tax relief measures**

Tax relief measures must be put in place for corporations impacted by COVID-19 by deferring corporate tax liability and allowing payments over a period of years to allow businesses to quickly resume service and reinvest when the situation subsides;

- **Employment Insurance measures**

In response to a standstill in tourism and travel domestically and internationally, businesses will have to downsize in the coming days and weeks in order to survive. As such, the tourism industry requests the government to enact the following:

- Extend EI benefits to sole proprietors to help keep small businesses alive during the crisis so they can rebound once this is over.

- Waive the 7-day waiting period to collect EI for Canadians under a temporary layoff notice, similar to the provisions provided to those under self quarantine;
- Eliminate the 30-day waiting period for the Work Share Program to allow individuals to job share, and while topping up with EI sooner than later;
- Temporarily adjust the percentage of hours worked while on lay off to allow staff to work more than 50 percent of their regular hours without reducing their EI benefits. Similarly, reduce the deduction to benefits from 50% to 30% to allow staff members to gradually return to work;
- Extend the maximum layoff benefit from 13 weeks to six months, given the uncertainty on the resumption of normal business operations;
- Adjust the EI system to pay employers directly as a method to ensure there is no processing lag time in the case of lay-offs;

- **Support for Airlines and Airports**

Transportation is critical to keep people and goods moving now and during recovery. As such, we support recommendations from the National Airlines Council of Canada (NACC) as well as the Canadian Airports Council (CAC), including the following:

- In addition to immediate rent relief, provide financial relief for reduced cash flow. Canada's airports are concerned about cash flows as they must maintain the same high standard of safe, secure operations;
- Put into place a program to direct new funds to airports to compensate for their lost revenues and increased costs, as well as to ensure that airports and local economies continue to be stimulated by capital spending;
- In terms of the aviation industry and given the extreme economic uncertainty created by the pandemic, the government should consider suspending various aviation industry charges for six months, at which time a review would determine if a further extension is required. Suspension of these charges would help lower short-term costs and airfares, would benefit all airlines, and would not distort the state of competition in the sector:
 - Suspend the federal excise tax on jet fuel;
 - Suspend the Air Transport Security Charge (ATSC); and
 - Suspend NavCanada navigational fees. The government would need to provide NAVCanada with commensurate funding for the deferred fees to ensure budget integrity and stability of operations during the suspension period.

Recovery Funding

As stated above, the current unprecedented crisis will eventually subside and Canada will need to put measures in place to ensure the economy can quickly rebound and compete on the global stage. Other tourism-related associations have recommended a number of initiatives which we support. TIAC also recommends that the Government take bold steps to support the industry, including:

- Significant stimulus funding to ensure the industry can quickly rebound once the outbreak is over, including increased marketing funds to promote Canada after the crisis has passed as we know from the SARS outbreak that tourism can bounce back very quickly and Canada must capitalize on that opportunity;

- Put in place various programs to get people moving again and exploring Canada's many treasures. For example, a free national park pass program much like the one put into place during Canada's 150th celebrations would be most helpful in encouraging Canadians to rediscover their country;
- TIAC has long advocated for long-term policy changes to stimulate and encourage travel by enhancing Canada's competitiveness. For example, visa application processes should be streamlined to encourage more international arrivals as we will be competing on the global stage for visitors once travel resumes.
- Implement a tax credit for any domestic tourism/travel related expenses to help kick-start the sector once the COVID-19 crisis has subsided. This would be similar to the initiatives taken in 2008/2009 to help jumpstart various sectors that saw success.

Please note that as TIAC represents all sectors of the travel economy, we wish to reiterate that we fully support the submissions filed on behalf of the Canadian Airports Council, the National Association of Canadian Carriers (NACC) as well as the Hotel Association of Canada (HAC). Thank you for your continued work, and I am happy to answer any questions you may have. I can be reached at CBell@tiac-aitc.ca or on 416-579-6574.

Sincerely,



Charlotte Bell
President and CEO
Tourism Industry Association of Canada