SUPPORTING TOURISM EMPLOYEES

Priority 1: Extending CEWS

Recent survey results showed 61% of respondents are using the Canada Emergency Wage Subsidy (CEWS), and nearly 60% say the program is critical to keeping employees on payroll through the end of the year.

- Top-up recognizes need to support hardest hit sectors
- 61% of tourism operators say CEWS is only way to keep employees on payroll
- Only program accessible to the entire sector

While other sectors will continue to see revenues rise this fall, tourism will have a corresponding drop as no business, meetings or conventions revenues are expected this fall.

Subsidy decline corresponds with the end of the “high season” that had to contend with 60-100% revenue declines and record low visitors.

The continuation of the full 75% subsidy beyond September is the only way to avoid significant loss of employment.

Recommendation: An amendment to the CEWS legislation that would extend the program at the full 75% subsidy rate until Summer 2021.

1.8 MILLION WORKERS

1 out of every 10 jobs in Canada is directly involved with travellers
LIQUIDITY FOR TOURISM

Priority 2: Making BCAP Work for Tourism

The Business Credit Availability Program (BCAP) doesn’t work for the tourism sector across the spectrum.

X 43% of survey respondents were flat-out denied in their BCAP applications.

X Over 50% waited three months to hear back, 38% are still waiting and only 12% were approved.

X Tourism businesses have been deemed too risky to lend to and told not to apply.

TIAC’s recommendations for BCAP changes:
- 100% government backed loans
- Forgivable portion to help cover fixed costs
- Market interest rates
- Fixed costs forgiven until revenues return to 70%

43% of survey respondents were flat-out denied in their BCAP applications.
LIQUIDITY FOR TOURISM
Priority 3: Tourism Recovery Stimulus Fund

Research conducted by McKinsey & Company in collaboration with Destination Canada concludes that without government investments, 61,000 tourism businesses are projected to fail, and 1.66 million tourism sector employees could be laid off – *predominately impacting women, youth, visible minorities, new Canadians and Indigenous owned businesses and workforces.*

A federally funded, COVID-19 Tourism Recovery Stimulus Fund will provide targeted financial support for tourism businesses across Canada and help them address immediate fixed costs.

**The Tourism Recovery Stimulus Fund would include:**
- Non-repayable grants up to $50,000 for project activities in 5 key categories;
- Working capital for tourism businesses to mitigate the impacts of COVID-19 which are not entirely covered by other federal measures;
- Requirement for applicants to demonstrate a projected increase in economic stimulus in 5 categories.

**Required financial commitment from government: $2.23 Billion over two years**

Calculated at 25% of tourism businesses = 44,500 businesses applying for $50,000 grant, plus $5 million to administer or $2.5 million per fiscal – Program administration costs will vary based on departmental costs.
TIAC Recommends that the federal government launch a Business Events and Urban Recovery Program to help support urban destination marketing organizations replace business lost to COVID-19 and secure new opportunities.

TIAC estimates the program to cost $82 million over two years.
INCENTIVIZING TRAVEL

Priority 5: Domestic Travel Incentive

History has shown that implementing travel incentive programs work.

Countries around the world are incentivizing travel:
- UK
- Sicily, Italy
- Mexico
- Switzerland

TIAC recommends a Canadian Travel Incentive Program (CTIP) with the following features:

- Refundable tax credit for the 2021 tax year
- One claim per family
- 25% tax credit on qualifying expenditures up to a maximum of $5,000 = $1,250 credit
- Minimum claim based on $500 of expenditures yielding a minimum tax credit of $125
- Qualifying expenditures to be associated with a minimum of one-night accommodation for non-business travel
- Expenditures to include accommodation (hotel, motel, bed & breakfast, campsite) travel (air, train, bus) meals (restaurant) and activities (destination-related)
- Limited to Canadian travel
- Claim can represent multiple trips - provided each excursion includes an overnight stay

Program budget is projected to be $600 million.