

Canada's Tourism Economy

When COVID-19 struck, the tourism industry was the first hit, hardest hit, and will be the last to recover.

Prior to COVID-19, tourism was one of the fastest growing industries in the world. As Canada's fifth largest sector, tourism was responsible for \$105 billion in GDP, provided 1 in 10 Canadian jobs, and was made up of 225,000 small- and medium-sized businesses across Canada.

The impact of COVID-19 on the tourism economy has been greater than SARS, the 2008 economic crisis and 9/11 combined. Over the past year, the industry has seen an unprecedented decline:

- 85% drop in inbound travellers
- 95% drop in airline revenues
- 95% decline in ground transportation (train and motor coach) traffic
- 80% decline of revenues in the accommodations sector
- Over 500,000 industry jobs lost
- No in-person conventions, trade shows or meetings, festivals, exhibitions, or major events held in Canada
- Zero cruises for 2 years; devastating impact on supply chain

International travel to and from the country declined from 96.8 million travellers in 2019 to 25.9 million in 2020.

The number of travellers entering Canada decreased by over 90% from December 2019 to December 2020.

According to the International Air Transport Association (IATA), in addition to record losses in 2020, it is expected that air carriers will lose US \$47.7 billion globally in 2021. It is projected that it will take at least four years for aviation to return to the pre-pandemic passenger and service levels of 2019.

Labour

COVID-19 has caused significant disruption to the tourism labour market, much greater than the economy overall – disproportionately impacting youth and minority populations. On average, the tourism unemployment rate is nearly double that of the overall economy.

- The tourism industry has lost over 500,000 workers through COVID
- The economic and social implications of an unequal and slow recovery will impact tourism excessively – with more persistent underemployment of vulnerable workers.

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- During the winter, only 5.9% of tourism businesses could fully open without any limitations or restrictions on their operations. Most businesses were placed under tighter restrictions, and 62.5% reported having to release staff due to those restrictions.
 - Over half of tourism businesses took on debt to survive, and three-quarters have maintained their core staff—even at a financial loss—to keep their businesses operating.

State of the Industry

In a recent industry wide survey representing tourism businesses in every province and territory, TIAC found the following:

- 1/3 of respondents expect up to a 50% decline in revenue for 2021 as compared to 2020
- Comparing July 2021 revenue to July 2020 revenue:
 - 13% of non-accommodation tourism businesses expect a decrease in revenue between 76% and 100%
 - 11% of accommodation operators expect between a 26% and 50% reduction in revenue in July 2021 as compared to July 2019
- 30% of accommodation operators have taken on debt between \$100,000 and \$500,000 to keep their business afloat, compared to 16% of non-accommodation tourism businesses
- 39% of tourism businesses would shut down today if they could no longer receive support from government programs
- Majority of respondents predict it will take between 1 to 3 years for sufficient tourism demand to return to pre-pandemic level of profitability; with the border reopening
- Top five issues facing industry - Wage and Rent (need for fixed cost subsidies); Labour (critical resource shortfall), Border restrictions (loss of summer traffic), Rstart costs and COVID protocols (need for financial support) and Proof of vaccination policies (lack of clarity and consistency)

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