

SEPTEMBER 17, 2020

DEAR MINISTER FREELAND:

We are writing to ask that the Government modify the Canada Emergency Wage Subsidy (CEWS) program to ensure that hardest-hit businesses continue to employ Canadians during the pandemic and the extended economic recovery period.

Ensuring the safety of our patrons, our workers and all Canadians is the top priority of our industries. We carefully implemented government protocols and went beyond to halt the spread of the COVID virus. We swiftly augmented cleaning regimes and instituted rigorous sanitization protocols to keep guests and employees safe.

We have done our part to prevent the spread of this virus, but restrictions on mass gatherings, border closures and the capacity reductions that are required to protect public health have impacted our industries more than others and have left our otherwise sustainable businesses in serious peril with many reporting revenue losses ranging between 90-100% with no relief in sight.

Prior to the COVID-19 pandemic, our industries in Canada employed more than 2 million Canadians, or about 1 in every 10 jobs. Our ownership is primarily Canadians running small or medium sized businesses (sometimes under the banner of an international brand) who not only provide significant employment but are contributing members of the community in which they live. Our employees are predominantly women, young people, Indigenous and new Canadians. These are vulnerable populations that need to be protected.

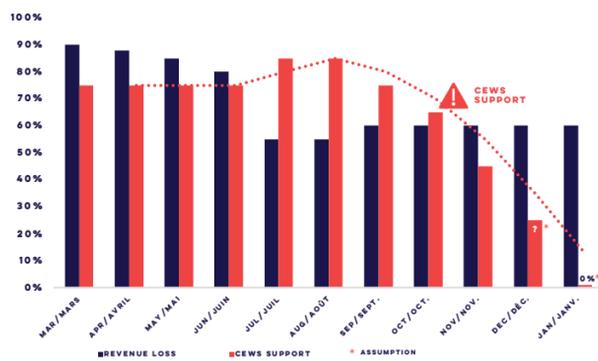
The CEWS program has been a critical lifeline for our industries and employees over the past 5 months. The program was well designed, well administered and relatively easy to access. We salute the Government of Canada for introducing CEWS so quickly and keeping many of our highly-impacted businesses open to employ people today and in the future. Simply put, CEWS works, and it works well.

Recently announced changes to the CEWS program did acknowledge “highly impacted firms” with an additional top-up that would bring the subsidy up to 85% of wages for July and August. This was much appreciated, as were other improvements like feathering of the subsidy.

However, the planned decrease of CEWS support beginning at the end of September corresponds with the exact moment when our businesses will face a seasonal drop in demand. Autumn will reverse the modest gains from summer domestic tourism and the availability of low-risk outdoor space. At the same time, we will experience on-going bans on mass gatherings and other capacity

reductions, which are more likely to increase as opposed to decrease in a second wave scenario.

We are perplexed that businesses with only marginal impact and comparably quick recovery trajectories are now recipients of the CEWS program; yet our highly-impacted firms will be weaned off the program on the same schedule. We appreciate that the top up of 25% will remain in place, but as you can see from the attached chart, using hotels as an illustration of a highly-impacted sector, subsidy support will rapidly decline beginning in September. Unfortunately, our industries will be worse off under the new rules than under the previous model, even with the 25% top up.



Necessary travel and gathering restrictions continue the economic crisis for many of Canada's hardest hit businesses, and support is needed to curtail lay-offs among our workers.

With updated forecasts in hand for the fall season, it is evident that amendments to the CEWS program are critical to the survival of thousands of businesses employing millions of Canadians. The Government of Canada should continue the successful CEWS program for Canada's hardest hit business. We are urging the Government to apply the Safe Harbour principle to periods 7, 8, 9 and 10 for businesses that have experienced revenue losses of 50% or more. The CEWS program should also be extended into Spring/Summer 2021 for highly impacted firms.

Employees are at the heart of the service industry. They have worked diligently to keep Canadians safe through this crisis. They are critical to our success and it is our goal to keep as many of our people employed as we possibly can. Amending CEWS will sustain our businesses so they can keep their employees in the workforce and get to the recovery that other industries currently enjoy.

On behalf of more than 200,000 businesses in every constituency across Canada, we thank you for your continued efforts to lead our country through this dramatic period in our history. We hope that you will consider modifying the design of the CEWS program as we wait patiently for our turn to recover.

