JULY 5, 2021
OTTAWA, ON

DEAR MINISTER FREELAND:

On behalf of the Coalition of Hardest Hit Businesses, an industry-driven group of over 100 stakeholders representing a variety of sectors including tourism, travel, arts and culture, events and festivals, motor coach, accommodations and hospitality, and Indigenous tourism experiences, we want to thank you for supporting Canadians, our employees and our sectors during these challenging times.

While we are optimistic that some businesses in our sectors may see a modest rise in domestic tourism and travel this summer, many of our members are facing a near-certain financial crisis that will hit our industry especially hard this fall and winter. In order to ensure the survival of our sectors, continued and tailored support will be necessary for those who need it most. We are open to solutions and look forward to the opportunity to work with you on the best approach.

While Canadians and most businesses will feel like their lives are returning to normal this summer and fall, many of our sectors will remain in the doldrums. The decisions to cancel conventions, conferences, concerts, fairs and festivals had to be made earlier this year. We know with certainty that no fully programmed major events are planned for the remainder of 2021 and at this stage, very few in the winter and spring of 2022. We also know that regular business travel will be slow to return as Canadians and corporations cautiously resume face-to-face business activity perhaps starting this fall or in early 2022. For now, many corporations are planning reduced travel. Even the Government of Canada itself touted $1B savings in Budget 2021 due to its own planned reduced travel activity.

But one thing is for sure: This is not a permanent shift in human behaviour. Multiple polls and studies found that Canadians are eager to travel again and that Zoom will never replace large face-to-face events like concerts, weddings or conventions. These events will come back in the spring once industry has enough lead time to organize them. Our recovery is certain, just not imminent.

We are grateful for your leadership and for the government’s efforts to protect public health and our economy. If not for government support programs such as the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) over the past 14 months, many of our tourism and travel operators would already have permanently closed their doors and ceased operations.

Thank you as well for the Tourism Relief Fund and other focused interventions for our sectors in the 2021 Budget. Unfortunately, a $500 million Tourism Relief Fund split between 225,000 small businesses in tourism simply cannot make up for the withdrawal of CEWS and CERS. Already encumbered by debt and facing more months of little or no revenue, help with fixed costs for these businesses is essential to maintain employment and solvency.
Over the coming months, our industry is facing a perfect storm. The CEWS and CERS support that offsets a portion of our losses over the past 14 months is being aggressively wound down while events, tourism experiences, and business and convention travel will be close to non-existent. Much of the investment the Government made into keeping these businesses afloat will be lost if they become insolvent just a few months before they are allowed to recover.

Our latest coalition survey from June 2021 revealed that nearly 60% of Canada’s hardest hit businesses will not survive if CEWS and CERS are not extended to the end of 2021. It is clear that businesses in our sectors will need help over the upcoming months, and particularly the September-May period for some, through continued wage and fixed cost support.

We know that our recovery will be slower than other sectors, and we also know that some segments within our sectors will take longer to build back than others. For example, resort properties may do well for the summer months, while downtown hotels sit empty on account of zero business events and no planned international travel. Similarly, while there may be room to hold small local events this summer depending on what restrictions are in place, full-scale events and tourism experiences will not be possible.

If certain segments do well, they will not need, nor be eligible for support. This is already built into the sliding scale approach of the CEWS and CERS programs. But for those businesses directly tied to international travel, business events and business travel, as well as major festivals, fairs, events and other experiences that need much more lead time to plan, they won’t come back until at the earliest spring of 2022 and will need a bridge to get there.

We are asking that a tailored wage and fixed cost support program be established at the earliest opportunity with a focus on the hardest-hit businesses that are experiencing revenue losses of more than 40 per cent against normal or expected revenues and where survival is an issue, factoring in seasonal business models. Other conditions can be applied, such as evidence of a negative cash flow along with restrictions on owner withdrawals and compensation.

Keeping these businesses alive means keeping in place the critical infrastructure that supports our communities and event businesses in Canada, and the unique local attractions that enhance our visitor experience. Collectively, our members represent an integral sector of our economy; one that will drive significant economic activity in 2022 as Canadian travel and tourism build back to pre-pandemic levels.

If businesses in the hardest-hit sectors are allowed to fall victim to the unfortunate timing of CEWS and CERS withdrawal, staggered travel and tourism reopening, and Canadians’ unavoidable urge to exit the country in the cold months, we will see the loss of our vibrant tourism and travel industry. This means small communities will no longer be able to support tourism, major cities will no longer be able to compete for major meetings and conventions, festivals and cultural events, remote communities
will be lacking in critical infrastructure for emergency services, and the livelihoods of more than two million people – mostly women, youth and immigrants – will be at risk. A few months of financial support will avoid years of economic and social disruption.

These businesses are integral to the tourism ecosystem and, for the next few months, are highly vulnerable through no fault of their own. We appreciate your consideration of our ask and thank you for your continued support and leadership.

Sincerely,

[Image of logos and signatures]