

## Hotel Industry COVID-19 Economic Recovery Key Asks

The Canadian Hotel and Lodging Industry has been among the hardest hit segments of the tourism sector. The shocking loss of millions of dollars over the course of just a few days has sent the industry into a state of turmoil. Lay-offs have already started, austerity measures are being put in place, and many are not sure if they will weather this storm.

The industry has also been asked to support the Public Health Agency of Canada to serve as quarantine and self-isolation facilities, and arrangements are currently underway to support the overflow of hospitals in at least one Province, with likely more to come.

While we are proud to support these efforts, they have created difficult circumstances for our guests, our employees and our operations. We trust the Government will take this into consideration when contemplating relief support for the hardest hit industries.

### Industry Breakdown

Small Business Owners (less than 5 properties):	931 companies/1,131 hotels/17,131 rooms/78% of total membership
Medium Business Owners (5 – 10 properties):	14 companies/87 hotels/133,771 rooms/6% of total membership
Large Business Owners (11+ properties):	9 companies/225 hotels/37,835 rooms/16% of total membership

Most hotels in Canada are Small and Medium Sized Enterprises; many first or second-generation family-run businesses. Their livelihoods are at stake and we need the government's immediate support in order to survive.

## Key Recommendations

### 1. Liquidity Support to Enable Hotel Businesses to Survive the Sudden Financial Shortfall

Estimates show a drop in hotel occupancy rates to 20% on average across the country, which is a decrease of approximately 66% from the 62% average occupation rate forecasted for the year. Based on these numbers, the annual estimated total loss is \$14.5 billion and an average monthly loss in revenue of \$1.2 billion.

While the Hotel Industry supports the measures recently announced by the Finance Minister, including the \$10 billion dollar fund for business, we will need access to funds immediately. Accordingly, we recommend:

- Allow an HST payment refund or payment delay to allow hotels to use this cash in hand to survive the short-term crisis. This would be the absolute fastest way to get liquidity into the hands of hotels and provide immediate relief.
- Create a separate liquidity support for the hotel Sector.
- Fast track hotel liquidity from the Business Development Bank of Canada and Export Development Canada
- Leverage the \$300 billion in support of the banks to encourage banks stop or defer interest costs for hotel mortgages to preserve operating cash
- Ask cities to defer property tax payments and interest until after the crisis.

## **2. Business Continuity and Employment Support to Ensure a Stable Return to Operations and Employment at the end of this Crisis**

- End Employment Insurance (EI) wait times for employees in the hotel sector who are laid off to preserve business operations. Currently, this only applies to employees who want to self-isolate.
- Ensure that rules around layoffs and employee termination don't lead to legal dismissal challenges so that employees can be rehired without costly and needless legal disputes.
- Reduce and streamline Work-Sharing Program waiting times to avoid 30 day delay for workers.

## **3. Recovery Measures to Kick Start Travel in Canada Once the Crisis Ends**

While this is the least pressing concern today, we are putting suggestions forward to allow advanced thinking around the rapid rebound of the travel economy:

- Travel and hotel incentive vouchers for Canadian domestic travel (similar to Taiwan).
- Tax credits for Canadian hotel accommodations, conventions and meetings post crisis in 2020 tax year.
- Increased funding for Destination Canada to support targeted and amplified marketing efforts.

We are pleased to see our Government responding with such swift measures and trust the above will be given consideration.