



# Written Submission for a new post-pandemic Federal Tourism Growth Strategy

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## About Motor Coach Canada (MCC)

MCC is a national association representing motor coach and tour operators in Canada. MCC represents the interests of motor coach tour operators and bus operators supplying scheduled, charter, private transit, and tour services.

## About Ontario Motor Coach Association (OMCA)

OMCA is comprised of motor coach operators providing scheduled and charter transportation services in Ontario as well as tour operators, tourism businesses, and destinations.

## Our Motor Coach Members:

- are mostly small to medium size, family-owned businesses that have been in the industry for generations
- are nearly all Federally regulated employers
- are essential in connecting cities, towns, and rural communities across Canada
- are essential to tourism sector recovery
- provide group travel services for seniors, students, and organized groups
- provide anchor services to business meetings, festivals, sports, and attractions
- provide the most cost-efficient and environmentally responsible means for organized groups to travel, including amateur sporting teams, tour groups, universities, colleges and schools, community groups, and seniors' groups
- provide the most environmentally responsible way to travel
- service passengers that largely rely on scheduled services. Often fixed-income families, students, the elderly, and those in remote and rural communities.

***Motor Coach members provide the most environmentally responsible way to travel by replacing up to 56 single passenger vehicles from the roads***



## Services provided beyond Tourism and Transportation

MCC and OMCA motor coach members provide regular essential and emergency services to Canadians including:

- Flooding and wildfire evacuation transportation
- Transportation for first responders, emergency services and medical staff
- Transportation and emergency support for rural communities
- Emergency passenger transportation for rail, air, and water passengers

## Reconnecting Canada by Road

Canada's visitor economy is driven by more than airlines, rail services and marine transportation. Privately owned motor coach businesses across Canada continue to provide a safe and sustainable mode of transportation to connect domestic and international travellers to urban and rural destinations, key attractions, sporting events, and business meetings.

- Motor Coach transportation and group travel is a solution to destination compression and visitor dispersion.
- Motor coach travel provides visitors with the opportunity to get off the beaten path and explore the lesser-known parts of the country with limited connectivity and most often during the off-peak seasons.
- Motor coaches connect travellers to urban and rural destinations for spectacular fall colours and to experience rugged northern landscapes.

**Canada is a country of large spaces and breathtaking nature. Canada's new post-pandemic Federal Tourism Growth Strategy must support the motor coach industry in reconnecting Canada's urban and rural destinations to enable the resurgence of our visitor economy as part of Canada's industrial strategy.**

## Federally Regulated Employers but Provincially Regulated Carriers

The federal government has the constitutional responsibility for regulating motor carriers, but the Motor Vehicle Transport Act, 1987 delegates to the provinces the authority to regulate them. This gap in authority has generally left motor coach carriers without support or leadership both Federally and Provincially. However, the Federal government can take a leadership role and assist in redeveloping routes to reconnect Canada. There are a few levers that can assist:

# 1

Changes to the provisions of the Federal Motor Vehicle Transport Act, 1987 concerning the economic regulation of buses

# 2

Introduction of subsidy policies for private operators

# 3

The use of direct funding as either tax incentives, route subsidies, or through more direct project grants to correct various connectivity shortcomings.

These recommendations do not overstep Provincial responsibility and will enable private industry to connect Canadian destinations including in rural and remote areas.



## Economic Contribution to Tourism is More Than Rail and Marine Transportation Combined

Canada's Tourism Satellite Account (TSA) shows that the transportation industry accounts for 37% of total tourism demand in Canada. The bus component under transportation in the TSA includes charter bus services, shuttle services, and sightseeing by bus and accounted for nearly 900 million dollars to Canada's economy in 2019. 37% of which is domestic demand, 7% is inter provincial and 56% is international demand. Contributing more to Canada's visitor economy than rail and marine transportation combined.

## Canada is calling for Support

**The Federation of Canadian Municipalities (FCM)** recent Municipal solutions for Canada's Parliament report is seeking federal leadership on the deepening crisis in inter-community passenger bus services.

**The Federal Pathway to Address Missing and Murdered Indigenous Women, Girls, and 2SLGBTQIA+ People, National Action Plan** calls for the urgent need for more safe spaces, shelters, transition housing, and safe modes of transportation in remote areas.

**Destination Canada's report, Tourism's Big Shift: Key Trends Shaping the Future of Canada's Tourism Industry**, identifies the Lack of Access & Reduced Transport Connectivity as a major barrier to connecting travellers with their destinations. DC's report states that ground transportation is increasingly limited across the country, creating challenges to the movement of travellers once in-destination.

## Bold and Strategic Recommendations

Canada's new Federal Tourism Growth Strategy looks to address labour gaps, investment attraction and destination development while facilitating long-term economic growth across the country. Previously the Canadian Council of Tourism Ministers (CCTM) have committed to pursuing shared objectives of collaborating to address the challenges posed by workforce shortages, addressing access to destinations, and promoting economic growth for the entire tourism sector.

*Our recommendations are bold, forward-looking, and aim to ensure that Motor Coach operators across Canada can contribute to the resurgence of our visitor economy as part of Canada's industrial strategy.*

## 1 Destination Development – Recommendation

- ➔ **Invest in the development a national coast to coast motor coach network** – Canada's destinations are disconnected, leaving visitors with no sustainable mode of transportation. Dealing with compression and visitor dispersion is key to economic growth in both urban and rural communities. Canada's tourism strategy must look to reconnect communities and Canadians no longer serviced by bus or train and are cut off from urban hubs. Motor Coaches provide both visitors and Canadians with an affordable, safe, and environmentally responsible way to connect our country. Currently, many rural tourism communities are cut off from essential ground transportation services. Visitors and Canadians alike have lost their ability to travel from coast to coast via a national motor coach network.



## 2 Investment attraction - Recommendation

- **Introduction of a government secured, tourism assistance loan program** – Motor Coaches cost more than \$600,000 per unit and cost businesses approximately \$30,000 each to get them safely back on the road. Motor Coach companies of all sizes across Canada were unable to access federal grants to help restart their Motor Coaches. They now find themselves in highly leveraged positions while restarting their businesses, lenders are now demanding full principal and interest payments and federal programs supporting cash flow have stopped. This has created a significant squeeze on operators who have no access to pools of capital due to their increased debt overhang. Going forward, these capital-intensive businesses will need to dedicate a large and disproportionate percentage of cash flow to service both legacy and pandemic-specific debt. This comes at a time when businesses will be pressed to advance significant capital and operating investments to bring assets back on the road, many of which have been dormant for two years. A Tourism Loan Assistance Program could be in the form of loan guarantees, allowing it to be used to re-finance existing company debt or for capital expenditure purposes. The mechanism could be a standby letter of credit, provided by the federal government, that operators can use to secure loans through their financial institutions. This approach benefits the federal government with respect to no cash outlay except in the instance of default, and it incentivizes lenders to continue to deploy capital to the pandemic's hardest hit industries.

## 3 Long-term economic growth – Recommendations

- **Provide a 5% carve-out in federal transit investments to directly support private motor coach operators** – In 2021 the Government announced new public transit investments to build strong communities, fight climate change, and create new jobs across Canada. This \$14.9 billion budget is allocated for public transit projects over the next eight years, which includes permanent funding of \$3 billion per year for Canadian communities beginning in 2026-27. Most of Canada's private sector transit service providers currently do not receive support through federal/provincial transportation transfers, nor do they benefit from GST/HST fuel rebates, and yet play a vital role in connecting communities. They offer 100's of thousands of kilometers in non-subsidized routes and are often the only mode of transportation into rural tourist destinations and communities. By their very nature they are the most environmentally responsible mode of road transportation.
- **Increase forgivable loan amount for both Canada emergency business account and the regional relief and recovery fund** from 33% to 50%, and that 0% per annum interest period be extended until December 31, 2025 – Motor Coach companies need more flexibility and time to repay government loans. These capital-intensive businesses will need to dedicate a large and disproportionate percentage of cash flow to service debt and to maintain their fleets.





## 4 Access to Labour – Recommendations

- **Canada's express entry program must support immigration for all skill levels and occupations based on regional and industry needs.** Canada's motor coach industry is experiencing unprecedented labour challenges in skilled occupations such as drivers and heavy-duty mechanics. Canada's motor coach industry needs an Express Entry system that enables residency for those with work experience or skills needed to fill labour market gaps in the sector.
- **Establish a permanent residency pathway for international student graduates.** Labour shortages in virtually all tourism sectors has long been identified as a substantial barrier to industry growth. International students have committed to Canada. They are educated to Canadian standards, have work experience and have been integrated into our culture. Sending them home after years of education and Canadian work experience is a lost opportunity for Canada's tourism sector.
- **Temporarily exempt tourism and hospitality from labour market impact assessment requirements under the temporary foreign workers program and implement a trusted employer process.** As tourism operators now begin preparing to meet the expected increased travel demand into summer and fall travel seasons. To help quickly accelerate access to workers Canada must provide exceptions from LMI for trusted employers.

