

TOURISM GROWTH STRATEGY SUBMISSION

-2022-

Association of Canadian Travel Agencies





Recommendation #1: Attract and retain a sustainable travel & tourism workforce

Recommendation #2: Embrace a whole-of-government approach

Recommendation #3: Improve access for visitors to and within Canada

Recommendation #4: Tie any new COVID-19 restrictions with financial subsidies for hard-hit travel & tourism businesses

Recommendation #5: Ensure independent travel agents are included in future federal support programs

Recommendation #6: Forgive federal COVID-19 loans for hard-hit travel & tourism businesses

Recommendation #7: Build a regenerative and inclusive travel & tourism industry

Recommendation #8: Mandate that travel agent commission protection be included in all federal supplier support programs



INTRODUCTION

Founded in 1977, the Association of Canadian Travel Agencies (ACTA) is a non-profit national member-based association that represents Canada's travel agencies and independent travel agents.

WHY INVEST IN TRAVEL AND TOURISM?

- Canada's travel agencies and independent travel agents are key players in the travel and tourism value chain, generating over \$1.1B in domestic wages annually, adding \$2.5B to Canada's GDP, and supporting over 42,000 quality jobs.
- Travel and tourism is a pillar of the Canadian economy that drives growth, creates jobs and opportunities in all regions during all seasons.
- Travel and tourism connects communities and promotes Canadian unity and identity.
- Travel and tourism elevates Canada's brand on the world stage.
- Indigenous tourism is reconciliation in action; it provides a way for Indigenous peoples to generate their own economies while providing Canadians and visitors alike the opportunity to connect with Indigenous peoples in a meaningful way.

Travel agencies and independent travel agents are among the “hardest hit of the hardest hit” businesses impacted by COVID-19. Of all tourism sectors, Statistics Canada reports the most job losses among travel agencies, and at the height of federal travel restrictions, 93% of members reported revenue losses of over 75%.

As travel restrictions ease, Canadians are reembracing their love of travel. Fortunately, the path to recovery has begun. However, with that has come significant challenges, including labour shortages and skill gaps, travel delays, and deep fear of reintroduced COVID-19 measures.

HOW CAN WE ACHIEVE SUCCESS?

- Measure success through concrete KPIs and annual public reporting.
- Re-activate the *Economic Strategy Table on Tourism*.
- Bring together private and public sector partners as well as Canadian workers.

RECOMMENDATION #1: ATTRACT AND RETAIN A SUSTAINABLE TRAVEL & TOURISM WORKFORCE

Canada’s travel and tourism sector is short 400,000 workers and reputation damage from COVID-19 shutdowns is hindering ability to re-staff.

As the most impacted sector in terms of job losses, travel agencies are facing significant labour shortages and skill gaps. With the current surge of travel demand, there is significant need for travel agents, however, many have left the sector during the pandemic, and those that often return require significant re-training.

We recommend that the Government of Canada launch targeted domestic recruitment campaigns to attract and retain workers, investing \$10M/year for three years to support programs for job seekers, employees, students, employers, influencers, and intermediaries.

Tourism HR Canada, and industry educators including trade associations like ACTA, are best equipped to manage coordinated sector-specific programs, and we recommend engagement with these organizations for program funding and delivery.

We recommend a \$2M overall investment in a two-year program to increase numbers of tourism and hospitality high school programs, with an updated and expanded Canadian Academy of Travel and Tourism. Further, a \$2M/year three-year program to modernize post-secondary tourism programs should be implemented to update curriculums, increase enrollment and types of programs, and expand workplace integrated learning.

With an overall \$25M three-year investment, we recommend launching comprehensive national travel and tourism ‘job ready’ (bridging) programs, targeting diverse workforces, including youth, Indigenous peoples, new Canadians, and peoples with disabilities.

To address industry skill gaps, we recommend investing \$2M/year in a three-year skills development and training program, developing technologies and tools to connect workers and jobs (ex. Discover Tourism website) and resources for employers including performance management tools, compensation planning, hiring kits, etc.

Investments in worker mobility such as creating tax credits for job seekers and students to relocate to another region for new employment opportunities, and grants to subsidize employer-offered programs such as transportation and childcare will support travel and tourism workforce development. Further, changes to increase flexibility in the use of the Employment Insurance system to encourage worker participation, and the introduction of new programs to enable student work experiences across Canada will support worker engagement.

Tourism HR Canada provides vital research in support of Canada’s travel and tourism businesses, and we recommend investing \$3.5M/year for five years to support research, implement ongoing programming and act as a coordinating body across all federal departments and regions.

RECOMMENDATION #2: EMBRACE A WHOLE-OF-GOVERNMENT APPROACH

The renewed Tourism Growth Strategy must be spearheaded by the Minister of Tourism and include leadership across ministries. Canada’s travel and tourism sector is heavily influenced by policies coming from multiple departments, such as COVID-19 rules from the Ministry of Health, transportation policies from the Ministry of Transport, and innovation and skills programs from Canada’s Regional Development Agencies.

Simply put, the issues facing Canada’s travel and tourism businesses are complex, and the Tourism Growth Strategy must embrace a whole-of-government approach to build meaningful positive impact.



RECOMMENDATION #3: IMPROVE ACCESS FOR VISITORS TO AND WITHIN CANADA

COVID-19 restrictions have significant impact on recovery and sustainability. The evidence is clear: as COVID-19 restrictions lift, travel resumes.

Remaining legacy COVID-19 restrictions continue impacting travel demand, stress airport and airline operations, and diminish Canada's status as a destination. Further, these measures are not proven to reduce the impact of COVID-19, but are proven to impact businesses, jobs, and livelihoods.

To move forward, Canada needs to streamline a competitive and accessible traveller experience.

These restrictions do not make sense in today's pandemic context of widespread immunity and mass community transmission and should be eliminated or amended:

- Amend the federal quarantine period from ten days to five in accordance with provincial standards
- Remove random arrival testing for fully vaccinated travellers
- Allow evidence of recovery in the form of a clinically observed positive antigenic COVID-19 test in all cases where a molecular test is currently allowed
- Amend the prohibition on recovered fully vaccinated persons to travel on federally regulated aircraft after five days instead of ten
- Release unvaccinated travellers from quarantine following a negative test result
- Remove the requirement for pre-departure testing on cruise ships

Further, we recommend improved communication of border process information to travellers, and a modernization of digital documentation processes for travellers in line with international best practices.

By lifting legacy COVID-19 restrictions, the Government of Canada can rebuild confidence in Canada's transportation system while maintaining its domestic biosecurity posture.



RECOMMENDATION #4: TIE ANY NEW COVID-19 RESTRICTIONS WITH FINANCIAL SUBSIDIES FOR HARD-HIT TRAVEL & TOURISM BUSINESSES

Following more than two years of pandemic restrictions, the Government of Canada needs to look forward and use updated methods for limiting transmission and tracking variants, following the best available science and not singling-out travel and tourism businesses.

Should border measures be determined as vital, they must be accompanied by financial subsidies for impacted businesses. Travel and tourism businesses have no control over the federal government's decision to impose travel restrictions, but they face the brunt of the economic impact.

Travel agencies alone lost over 42% of jobs at the height of restrictions, being the most impacted sector in Canada. Wage and rent subsidies ultimately sustained businesses and prevented mass closures and overwhelming permanent job losses, while individual benefits for independent travel agents and furloughed travel agency employees were critical in preventing personal financial crises.

We recommend that financial assistance to impacted employers and individuals match the economic impact of any new COVID-19 restriction, and that there be equity in delivering financial subsidies to ensure travel agencies and independent travel agents are treated fairly.



RECOMMENDATION #5: ENSURE INDEPENDENT TRAVEL AGENTS ARE INCLUDED IN FUTURE FEDERAL SUPPORT PROGRAMS

Our sector operates with two types of business entities: travel agencies and self employed, independent travel agents. Travel agencies are typically incorporated businesses that operate in the traditional sense. In contrast, independent travel agents are usually sole proprietors who operate their businesses as contractors of a larger travel agency, known as "host agencies."

Independent travel agents are entrepreneurs who use the infrastructure of a host agency but earn income based on their own business revenue. Most independent travel agents were excluded from federal support programs, including wage subsidies, despite working long hours to manage trip cancellations, changes, and refunds for customers without compensation.

Independent travel agents relied heavily on the Canada Recovery Benefit to limit personal financial crisis, and lost access to financial support in October 2021, whereas travel agencies lost access to wage and rent subsidies in May 2022.

Should any new financial support program be introduced, it is critical that independent travel agents be included in an equitable way.

RECOMMENDATION #6: FORGIVE FEDERAL COVID-19 LOANS FOR HARD-HIT TRAVEL & TOURISM BUSINESSES

Over the pandemic, the Government of Canada offered critical loan programs to travel agencies and independent travel agents, including the Regional Relief and Recovery Fund (RRRF), Canada Emergency Business Account (CEBA), and the Highly Affected Sectors Credit Availability Program (HASCAP).

Today, Canada's travel agencies and independent travel agents face significant cash-flow issues that impinge their ability to withstand new travel restrictions or other crisis events.

We recommend that the Government of Canada and the Business Development Bank of Canada work with hard-hit businesses to forgive amounts on federal loan programs and guarantee payment deferrals in the event of new COVID-19 restrictions or other crisis events.

RECOMMENDATION #7: BUILD A REGENERATIVE AND INCLUSIVE TRAVEL & TOURISM INDUSTRY

Canada's travel and tourism businesses need support to enhance sustainability efforts that benefit communities, the economy, and the planet. This means creating new support programs and expanding existing ones, so travel and tourism businesses can prosper while generating wealth for Canadians.

The Tourism Relief Fund (TRF) is an important part of Canada's travel and tourism recovery. Unfortunately, ACTA members report significant challenges in accessing TRF funding. As a key part of the travel and tourism value chain, the TRF must be accessible to travel agencies and independent travel agents to meet the fund's mandate.

Due to the complex nature of the sector's business structure and its unique needs, we recommend that a specialized program for travel agencies and independent travel agents be included in the TRF. This would ensure that adjudicating officers have the business intelligence and mandate to properly assess travel agency and independent travel agent applications.

We further recommend \$50B in public and private tourism infrastructure and product investment by 2030, including:

- Establishing pools of lending capital from the Business Development Bank of Canada and the Canada Infrastructure Bank targeted to travel and tourism businesses
- Provide strategic investments for projects that need patient capital through Regional Development Agencies
- Establishing a federal Tourism Infrastructure Fund for major projects
- Incentivizing investments in new assets or retrofits through programs like Research and Development tax credits
- Allow for immediate capital cost allowance write-off of investments in new hard assets
- Provide dedicated federal mortgage insurance on travel and tourism assets to reduce the risk of private sector lending from Canadian financial institutions
- Invest in travel and tourism industry sub-sector assets and products through government grants and contributions
- Support major events of all sizes with industry specific funding programs
- Renew stable, five-year funding for Destination Canada at an internationally competitive level, including a \$40M boost to current US marketing campaigns, \$12M/year additional support for Destination Canada's Business Events sales team, and a \$120M eight-year business events fund

RECOMMENDATION #8: MANDATE THAT TRAVEL AGENT COMMISSION PROTECTION BE INCLUDED IN ALL FEDERAL SUPPLIER SUPPORT PROGRAMS

The Government of Canada took the bold step of guaranteeing travel agency and independent travel agent commission in airline loan programs. This ensured that work already completed by travel agents was compensated and supported business stability.

As travel and tourism businesses continue navigating a challenging economic environment, we recommend that the Government of Canada implement a policy that any federal support program to travel suppliers such as airlines includes travel agent commission protection as a mandatory condition.

