

Tourism & Hospitality sector seeks \$680 million recovery stimulus package from B.C. Government

Immediate financial assistance vital for sector hardest hit by COVID-19 and travel restrictions

VANCOUVER, B.C. (July 21, 2020) - A coalition representing British Columbia's more than 19,000 tourism and hospitality businesses has presented the Provincial government with a recovery stimulus proposal that would see the government allocate \$680 million from its \$1.5 billion recovery package as an initial investment to help mitigate the unprecedented impacts of COVID-19 on the B.C. visitor economy and its workforce.

In 2018 (latest statistics available), the tourism and hospitality industry included over 19,300 businesses, generated more than \$8.3 billion in provincial GDP and \$4.5 billion in direct tax revenues from \$20.4 billion in direct visitor spending, and created employment in tourism-related businesses for more than 300,000 workers, half of whom service visitors in every community of the province.

Unfortunately, as the only industry almost entirely based on the discretionary movement of people, the tourism and hospitality sector has been the most severely impacted by far by COVID-19 due to business closure orders and restrictions on personal travel, as well as the closure of international borders. Virtually the entire sector was shut down resulting in extensive layoffs, with many businesses having closed without the cash flow to re-open, and thousands more desperately trying to maintain solvency. Despite the commencement of Phase 3 on June 24th, most sector businesses have only partially re-opened, with eviscerated source markets and severely damaged supply chains.

The long-term economic outlook for the sector is the bleakest for any industry. Best-case projections would still see a \$14.8 billion (69%) decline in tourism revenue from \$20.4 billion in 2018 to \$6.7 billion in 2020. This severe loss in revenue, which could be significantly greater, will have reverberating impacts on jobs, government revenues through taxes, and the ability to re-invest in the sector for a more resilient, sustainable future.

"The existing suite of packages aimed at the overall economy are appreciated and helpful, but not sufficient to sustain the B.C. tourism and hospitality sector for the foreseeable future from this unexpected pandemic," said Vivek Sharma, Chair of the Tourism Industry Association of BC (TIABC). "The only way we can prevent generations of lost economic activity, jobs, and tax revenues is by acting decisively now with innovative and creative solutions that recognize the importance of this sector, which is the face and brand of British Columbia to the world and one of the strongest drivers of BC's economy."

The proposed recovery stimulus package proposed by the tourism and hospitality sector has three components:

- **A Working Capital Recovery Grant** (\$475 million) to help sustain and maintain solvency for businesses that have prospects to return to profitability in the medium term (i.e. 18 months). This could include the provision of low or no-interest loans with an extended payback period. As the timing and magnitude of out-of-province visitors is uncertain, the immediate priority would be to sustain businesses that normally rely on these visitors and generate significant revenues for the visitor economy, as well as businesses that play central roles in attracting visitors to a community or a region.

- **Support for Adaptation Costs** (\$190 million) that would provide funds to: help businesses adapt their operations to the health and safety requirements of COVID-19 and protect their workforce, visitors, residents and local communities; and develop innovative ways of delivering tourism experiences to augment and accelerate recovery.
- **Support for Developing Resilient, B.C.-focused Supply Chains** (\$15 million). The goal would be to support industry subsectors (accommodation, attractions, transportation, food services, and retail) refocus their supply chains and forge new relationships with B.C. suppliers, to create supply chains that will not only promote recovery over the next 18 months, but also contribute to the industry's resilience going forward.

The proposal also recommends a joint industry-government task force to work alongside existing industry organizations and networks to finalize funding parameters, application processes, and monitoring and evaluation mechanisms. The task force would include participation by the B.C. Ministry of Tourism, Arts and Culture, the Ministry of Jobs, Economic Development and Competitiveness, and the Ministry of Finance.

“For decades, tourism has been a strong and consistent economic engine for the province and significant source of employment in every BC community,” said Sharma. “What we are asking for is a return on the contributions the tourism and hospitality sector has made to the provincial and national economy over those decades. Essentially, we need an initial investment of \$680 million to save an industry that is worth more than \$20 billion per year. Without this support, our sector could see upwards of 100,000 jobs lost in 2020 and thousands of businesses permanently shuttered.”

To view the proposed tourism and hospitality sector recovery stimulus proposal, please visit [please visit tiabc.ca](http://tiabc.ca).

About Tourism Industry Association of BC

The Tourism Industry Association of BC (TIABC) advocates for the interests of British Columbia’s \$20.4 billion visitor economy. As a not-for-profit tourism industry association, TIABC works collaboratively with its members – private sector tourism businesses, industry associations and destination marketing organizations – to ensure the best working environment for a competitive tourism industry.

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BACKGROUNDER: TOURISM AND HOSPITALITY IN B.C.

Sector value (2018):

- Industry Revenue: \$20.4 billion
- Number of businesses: 19,300 (90% are small or medium sized businesses)
- Provincial GDP: \$8.3 billion
- Tax revenue for government: \$4.5 billion in direct tax revenues (\$1.7 billion provincial)
- Direct employment: 160,000 people (3rd largest private sector employer in B.C.)

Sector uniqueness:

- Tourism is the only industry almost entirely based on the discretionary movement of people.
- Tourism is the sector that has been most severely impacted by COVID-19 because of business closure orders and travel restrictions, including border closures.
- Tourism is the face and brand of British Columbia to the world, attracting revenue and talent to B.C.
- Tourism is the only sector generating revenue and employing British Columbians in every community throughout the province.
- Most tourism businesses cannot survive without revenue from out-of-province visitors.

Impact of COVID-19 to date (July 21):

- Business closures: 10% of independent restaurants have closed permanently and 50% expect to close permanently by the end of the year without assistance; hotel occupancy was down 62% June over June and many hotels are not yet open; one-quarter of businesses in all regions are closed at present and more than half are experiencing reduced operations.
- Employment: More than 100,000 full and part-time tourism and hospitality jobs have been temporarily or permanently lost due to the pandemic and related travel and physical distancing restrictions. Without this rescue package, BC can expect to lose up to 120,000 tourism jobs in 2020.
- Revenue: Destination B.C.'s projection for 2020 (best-case scenario) is a 69% decline in tourism revenue from \$20.4 billion in 2018 to \$6.7 billion in 2020. This \$14.8 billion loss in revenue, which could be significantly greater, will have reverberating impacts on jobs, government revenues and the ability to re-invest in the sector for a more resilient, sustainable future.
- Virtually the entire sector has endured closures and extensive employee lay-offs, with many businesses having closed without the cash flow to re-open, and thousands more desperately trying to maintain solvency.
- With no ability to generate revenue, many seasonal tourism operators have depleted their cash reserves to pay fixed costs such as rent, mortgages and utilities.
- Many major attractions are seeing less than 10% of normal revenues at this time of the year.
- Most lodges up and down the coast will not open this year at all, and many guest ranches in the Interior do not have any visitors and cannot operate.
- Major tour bus companies have been idle for months and some are only operating again with very limited capacity and not seeing sufficient volumes to survive.
- The cruise sector has been docked for the foreseeable future. It represents over \$1 billion to the economies of both Vancouver and Victoria.
- Major tour operators like the Rocky Mountaineer are not operating. Rocky Mountaineer usually only employs hundreds of people each year, generating significant economic benefits for the province.

- Angling guides and hunting guides have no customers (i.e. international clients) and many are not operating.
- 80% of commercial bear viewing operators will not open this year.
- The entire meetings, festivals and events sector has ground to a halt with all of its support networks also sidelined (e.g. conference coordinators, producers).
- Some major hotels remain closed. Those that are open in major centres like Vancouver, Richmond and Victoria, are experiencing very limited occupancy...in many instances less than 20%.
- In Victoria, accommodation revenue numbers declined 86% in June after declines of 90% in both April and May.

Additional background:

- Although many businesses have re-opened and are trying to recover, they are not making money and losses are growing; without help, we are likely to see documented permanent closures in the fall and winter months.
- Addressing health and safety issues will result in higher operating costs and reduced capacity (fewer customers) due to physical distancing.
- Many small operators do not qualify for some of the loan programs, the wage subsidy, rent relief, and other measures introduced by government.
- Even with the return of local, provincial and potentially national visitors, the majority of tourism businesses won't survive 2020 without significant and timely financial support.
- Assistance that is required now, while little to no revenue is being generated includes: Funding to pay rent; and waiving/deferring/decreasing property taxes, utilities, city fees, tenure fees, park fees, rod day fees, and corporate income tax.