

Reply to the Attention of: Shea Coulson
Direct Line: 604.691.7467
Email Address: shea.coulson@mcmillan.ca
Date: March 22, 2020

EMAIL

Hon. Chrystia Freeland, Chair
Cabinet Committee on the federal response to the coronavirus disease (COVID-19)
House of Commons
Ottawa, ON K1A 0A6

Dear Hon. Freeland,

Re: Open Letter: Accessibility to Development Bank of Canada Funding and Additional Emergency Funding for the Hospitality Sector

We represent the Alliance of Beverage Licensees of British Columbia (ABLEBC), the provincial industry association that represents private liquor stores, pubs, bars, nightclubs, hotel liquor licensees, liquor agents, industry suppliers, and industry benefit providers in British Columbia. ABLEBC's members are an integral part of the hospitality sector in the province and work directly with all restaurants, hotels, and tourism and event operators.

This past week, over 250,000 hospitality workers have been laid off and 1000's of businesses closed as a result of compliance with government measures to prevent the spread of COVID-19.

We write to address the inability of our client's members, and a majority of the hospitality sector, to access COVID-19 emergency funding provided by the Business Development Bank of Canada (BDC). This barrier is created by the BDC's pre-existing policy prohibiting loans to businesses that have historic liquor sales representing more than 50% of the business actual sales. This policy is not appropriate for the current crisis and should be rescinded immediately. The majority of hospitality businesses derive the majority of their revenues from liquor sales. This means the majority of hospitality businesses cannot access BDC funding.

Revenues from liquor sales result in provincial tax and commercial revenue because all hospitality customers must buy their product from the B.C. Liquor Distribution Branch and pay 10% liquor tax. This revenue has contributed to funding public sector services for decades. These businesses should not be punished now at their time of greatest need.

We also write to request a historic injection of cash into the hospitality and tourism industries. Existing measures are insufficient. New measures could include interest-free

loans and grants directly to businesses. ABLEBC supports the recommendations of the Tourism Industry Association of BC set out in their letter to the Honourable Lisa Beare dated March 21, 2020 and requests similar measures be implemented for the hospitality sector. Nothing short of such drastic measures will save these businesses and keep jobs available for workers to return to after the crisis. Failure to do so will turn the mass unemployment we are now seeing into a multi-year crisis extending well beyond the end of the pandemic.

Compliance with municipal, provincial, and federal government orders and guidelines in response to the COVID-19 pandemic has resulted in a catastrophic business-extinction event for our members, and the entire hospitality and tourism sectors. The statistics within a mere week are sobering:

- 80 per cent of BC's 180,000 hospitality workers (i.e. pubs, bars, restaurants, breweries, liquor stores, etc) have been laid off;
- About 40 per cent of BC's restaurants closed this week, and more than half will not re-open;
- Two thirds of BC's 60,000 hotel workers have been laid off;
- By end of week, 70 per cent of Canada's hotels will be closed for businesses (most are at 10 per cent occupancy and hotels typically need 20 per cent occupancy to break even)
- BC's tourism sector has laid off between 40 and 70 per cent of employees, representing somewhere between 75,000 to 132,000 workers.

The stark reality is that the 250,000 people laid off and 1000's of businesses that were forced to close last week in British Columbia's tourism and hospitality industries are facing financial catastrophe.

These people and businesses are the heart of our communities, our streetscapes, and social life. They employ a huge number of Canadians. Those Canadians will need jobs to return to or they will face long-term unemployment. As these businesses do everything they can to protect the health of Canadians, they need government help immediately to survive through the pandemic.

Our client's requests are clear. Please save our communities. Please rescind the BDC policy and make funding accessible to all hospitality and tourism businesses. Please provide additional funding to allow these business to survive. As Canadians they are counting on you.

Yours truly,

McMillan LLP, per

Shea Coulson

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Encl. Letter of Tourism Industry Association of BC

Cc: The Hon. Jean-Yves Duclos (Vice-Chair)
The Hon. Navdeep Singh Bains
The Hon. William Sterling Blair
The Hon. Patricia Hajdu
The Hon. Mélanie Joly
The Hon. William Francis Morneau
The Hon. Carla Qualtrough
The Hon. Kirsty Duncan