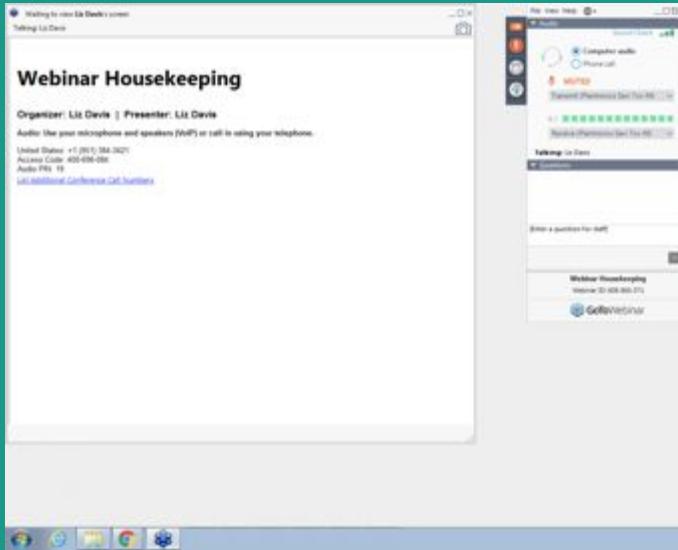

COVID-19 and BC's Hospitality Industry

What happened and where are we going?



What you should see on your screen

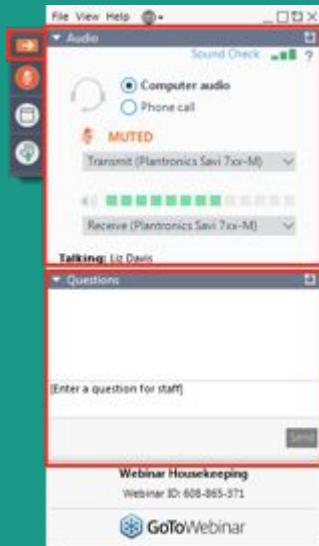


Participating in the webinar



- Open and close your control panel
- Choose Computer Audio (mic and speakers) to use VoIP
- Choose phone call to use telephone

Asking questions during the webinar



- Please submit your questions and comments in the questions panel. They will be answered during and at the end of the webinar.
- If you run into technical problems, leave a comment in the questions panel.

Agenda

Who we are

What's next?

What's going on?

What does recovery look like?

How bad is it?

What else do you need?

Help available?

Recording will be available within 24 hours

Our Team

ABLE BC is the leading advocate for BC's private liquor and cannabis retail industries. Our membership includes pubs, bars, nightclubs, private liquor stores, hotel liquor licenses, and various agents, industry suppliers, and benefit providers.

Following the federal legalization of recreational cannabis in October 2018, our membership now includes licensed non-medical cannabis private retail stores in British Columbia.

On behalf of our over 1,000 members we advocate for a thriving and sustainable private liquor and cannabis retail industries.



Executive Director

Jeff Guignard



Director of Membership and Communications

Danielle Leroux

Snapshot: BC's liquor industry



Private Liquor Retailers

BC has over 1100 retail liquor locations, including 200 GLS, 670 private liquor stores, 227 Rural Agency Stores, and approximately 30 grocery wine stores.

LPs (pubs, bars, nightclubs)

BC is home to nearly 2,000 liquor primaries, including neighbourhood pubs, bars, nightclubs, arenas, legions, curling clubs, and others.



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Manufacturers, agents, and liquor industry professionals

BC's liquor manufacturing industry (i.e. breweries, cideries, distilleries, and wineries) continues to grow year-over-year, and are vital partners to our industry's success.

A \$15 billion industry

An economic engine

\$3.4B

Last year, the LDB sold \$3.4 billion of beverage alcohol in its wholesale and retail divisions. Your business is an integral part of a vital multi-billion economic engine of BC.

Liquor is big business in BC. Every year, BC's liquor licensees process **\$3.4 billion** of direct liquor purchases through the Liquor Distribution Branch. Including in-direct spin-offs, our industry sustains about **\$15 billion** of economic activity - making BC's private liquor industry a significant engine of BC's economy. Collectively, our hospitality industry is also BC's third-largest private sector employer.

Profitable for government

\$1.5B

Our industry is one of the largest sources of direct profit to the provincial treasury. When you combine taxes, mark-ups, retail sales, and PST, liquor contributes over \$1.5 billion to BC's coffers.

A major employer

100K

Your individual businesses may not feel large, but our members are in every community in every region of BC. Together, BC's private liquor industry directly employs 100,00 workers.

KRISTALINA GEORGIEVA
Managing Director, International Monetary Fund

COVID-19 will lead to “*the worse economic fallout since the Great Depression.*”



Timeline of a crisis

COVID-19 arrives in Canada

Canada's Public Health Agency: risks of COVID-19 are low; Canada still safe travel destination

Mar. 6

Mar. 13

PHO prohibits gatherings (250)

Gatherings over 250 are prohibited. BC Hospitality SUMMIT is postponed. LRSs stop accepting returns. Loosened EI criteria.

COVID-19 hits hard: first real steps

Daily updates. PHO limits to 50. First requests to Premier. Health and safety precautions. Travel bans. St. Patrick's Day cancelled. In Vancouver alone, 100 LPs close... one of them laid off 600 workers.

Mar. 16

Mar. 17

All LPs ordered closed

All "bars" ordered closed. Ontario and Alberta declare States of Emergency. Massive layoffs begin. Commercial liability insurance does not cover business interruption due to pandemic.

Federal support; border closes

Government of Canada announces \$82B support package. BC declares State of Emergency. Canada-U.S. border closed to non-essential travel.

Mar. 18



Timeline of a crisis



Timeline of a crisis



Federal wage subsidy increased Federal wage subsidy increased from 10% to 75%. Preparing employees for CERB. ABLE BC's first day off.	Mar. 30	Federal essential services Federal government releases list of essential services (includes liquor!), BDL delivery restrictions. BC legal action to protect "essential service" providers from damages caused by exposure to COVID.	Apr. 4	LPs can apply for BDC loans! Successfully lobbied for removal of restrictions against LPs and cannabis companies from accessing \$10B loans from BDC.
Mar. 27-28 Federal wage subsidy update Businesses seeing 30 per cent drop in revenue will be eligible. Later decreased to 15 per cent on April 8. We also issued guidelines for retailers remaining open.	Apr. 2-3 Temporary extension of liquor retail hours Liquor retailers can now open at 7 a.m. if they choose! Designed to give seniors and vulnerable citizens opportunity to shop during off-peak hours. Delivery rules amended,			

Timeline of a crisis



So, how bad is it in BC?



Closures and massive layoffs

- 80% of LPs and 53% of FPs are closed... about half will likely not re-open
- 80% of BC's 192,000 hospitality workers have been laid off
- LPs open for take-out/delivery are averaging 5-10% of previous revenues
- 70% of BC's hotels are closed
- Most of BC's 60,000 hotel workers have been laid off
- BC's tourism sector has laid off upwards of 130,000 workers (70% of its workforce)
- All craft brewery tasting rooms are closed, reducing revenue by 80%
- In the first week of this crisis alone, BC's hospitality, tourism, and accommodation sector lost 250,000 jobs.



Any good news?

Liquor retail

40%

During first two weeks, liquor retail increased by about 40%



STATISTICS CANADA

“Canada’s GDP shrank by 9 per cent in March amid COVID-19”



Here to help: *advocacy amid a crisis*

1

Keeping you informed: our daily email updates are circulated to 9,000 hospitality industry professionals. As things change daily (and sometimes several times per day), we strive for clarity amid the chaos.

2

Daily calls: we are in touch with government at all levels several times per day, including the LCRB and LDB. Our strong relationships with government partners have allowed us to offer quick recommendations on urgent issues.

3

Government submissions: we routinely offer expert advice on what industry needs: both urgently and for longer-term recovery. We work with partner organizations to offer practical, actionable solutions.

4

Promote best practices: the health and safety of our members, their workers, and their customers are paramount during this crisis. We've recommended several best practices that proved important in securing an "essential services" designation.

Key wins so far

Our federal and provincial government partners are working hard to support Canadian businesses during this unprecedented crisis. Here are some of the key policies changes that ABLE BC and our industry partners have successfully fought for to date:

- 01 | LPs allowed to re-open after being forced to close
- 02 | LPs/FPs may open for takeout/delivery
- 03 | LPs/FPs may offer liquor with takeout/delivery meals
- 04 | Liquor retailers may open at 7 a.m.
- 05 | Alcohol producers may make alcohol-based hand sanitizer



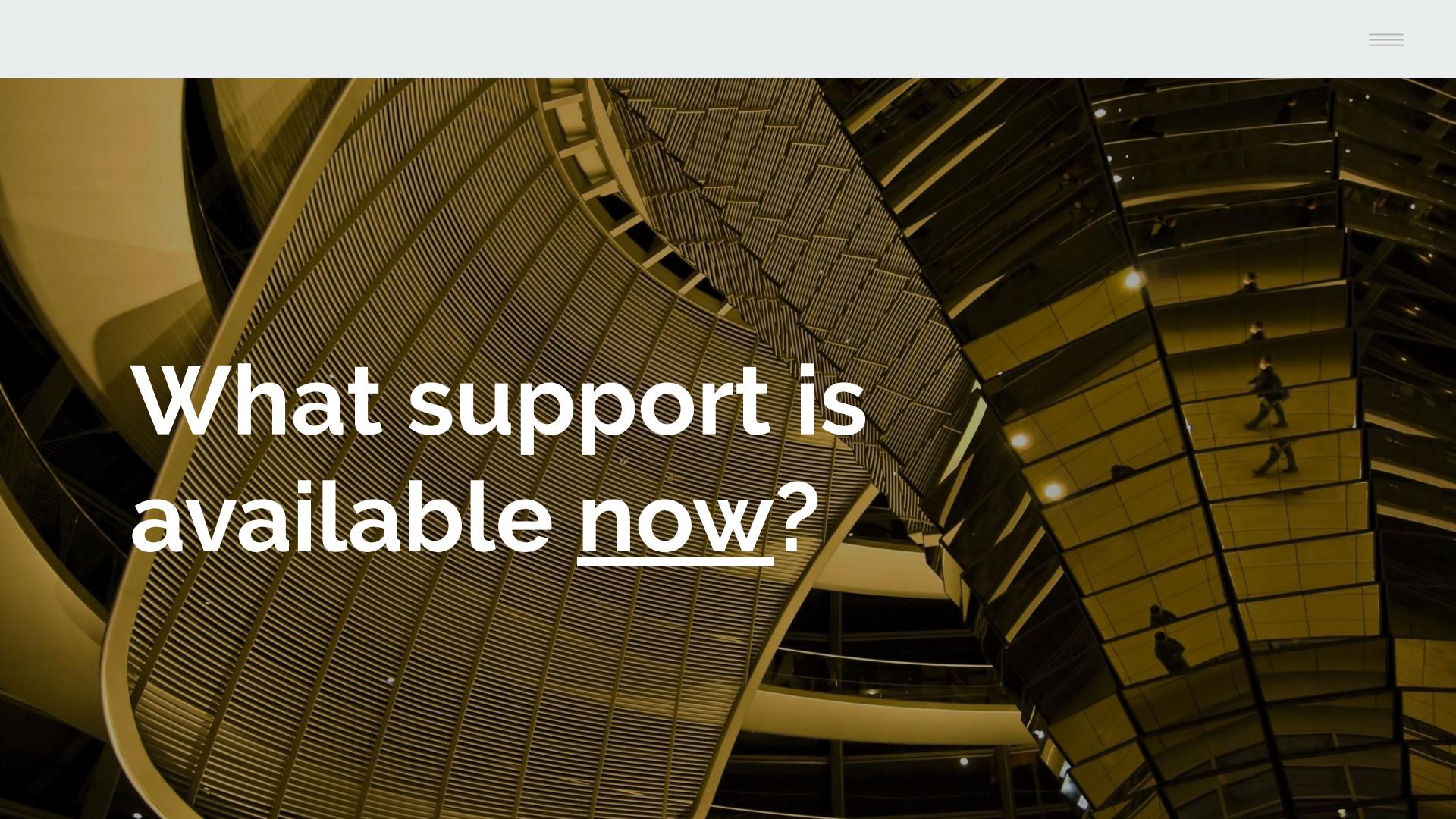
- 06 | \$40,000 interest-free loans (25% forgivable)
- 07 | 75% wage subsidy (up from 10%)
- 03 | Access to \$10 billion of BDL loans (previously LPs excluded)
- 04 | Defer GST/PST/EHT, other tax payments
- 05 | Defer WorkSafeBC premiums

Other priorities

We know there are gaps in federal and provincial supports. While government is moving quickly, we share your frustration that they have not yet addressed your urgent liquidity needs. To that end, we are also working on:



01 Forgivable loans/grants to pay rent and fixed expenses	06 Defer/delay/eliminate liquor licensing fees
02 Greater flexibility to defer/extend mortgages and loans	07 Mitigate unintended consequences (i.e. CERB as disincentive)
03 Strict legal prohibitions against evictions (Code of Conduct)	03 Wine in kegs?
04 Defer commercial property tax payments	04 When restore single-bottle picks?
05 Hospitality price equal to full wholesale for on-premise licensees	05 When restore ability to return products?



What support is
available now?



Resources for you: EnrichEntrepreneur.com



ENRICH
ENTREPRENEUR

**Information and Resources
For Entrepreneurs and Businesses**

COVID-19 Resources

Individuals
Federal and Provincial resources for individuals affected by Covid-19.

Businesses
Federal and Provincial resources for businesses affected by Covid-19.

Liquor and Hospitality
Stay up to date on what's happening in the liquor and hospitality industries.

ENRICH
ENTREPRENEUR

Businesses **Individuals**

Business Resources Covid-19

National Aid For Businesses

- + **Business Credit Availability Program**
- + **10% Temporary Wage Subsidy for Employers**
- + **The Canada Emergency Wage Subsidy**
- + **Extending the Work-Sharing Program**
- + **Request for Taxpayer Relief**

Other

Contact suppliers, creditors, lenders to request payment deferral.

Have notice of assessments, prior year tax returns, etc ready if approaching financial institutions.

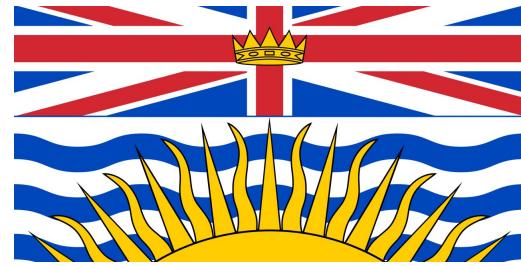
Federal support

- Business Credit Availability Program (BCAP)
 - BDC Co-Lending Program for SMEs
 - EDC Loan Guarantee for SMEs
- Canada Emergency Business Account (CEBA)
 - 195,000 approved = \$7.5 billion so far
- Canada Temporary/Emergency Wage Subsidies
 - 10% and 75% Wage Subsidy
- NEW: Canada Emergency Commercial Rent Assistance program
- Canada Emergency Response Benefit (CERB)



Provincial support

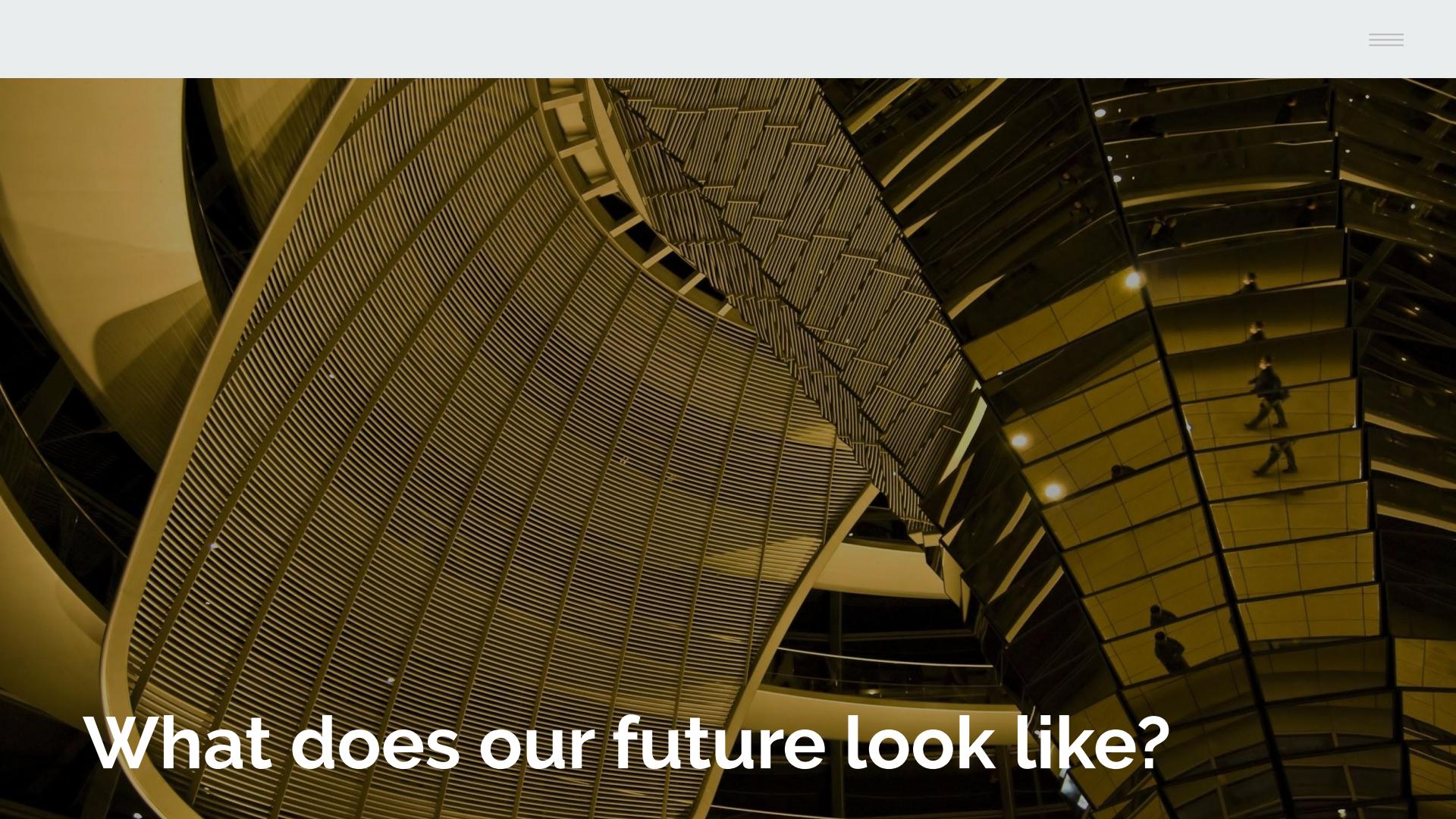
- Announced \$2.2 billion in support for businesses and \$1.5 billion for “economic recovery”
- Provincial tax support
 - EHT, PST deferred until Sept. 30th
 - MRDT, tobacco tax, motor fuel tax, carbon tax
 - 50% reduction in school tax for commercial landlords and property owners
 - Defer late penalty fees for property tax
- WorkSafeBC premiums delayed 3 months
- <https://covid.smallbusinessbc.ca>



JUSTIN TRUDEAU, Prime Minister of Canada

“With spring coming, people are looking outside, wanting to get out, wanting this to be over – I understand that. It will be weeks more before we can seriously consider loosening the restrictions.”



The background of the slide is a photograph of a modern architectural structure, likely a subway station or a large public space. The ceiling and walls are made of a series of curved, metallic, ribbed panels that create a rhythmic, wave-like pattern. The lighting is warm and focused on the panels, while the floor and other parts of the structure are in deep shadow. In the lower right quadrant, a person is walking across a platform, their figure reflected in the polished surfaces of the walls. The overall atmosphere is one of a vast, modern, and somewhat mysterious space.

What does our future look like?

What's next for industry?

As we all struggle to adapt to this “new normal,” we also turn our attention to a difficult question: what will BC’s hospitality industry will look like in the weeks, months, years ahead? Some points to consider:

- 01 | Winners and losers: government can't save us all
- 02 | Planned economy: think about “post-war” economies
- 03 | “Shovel-ready” projects and infrastructure: billions unspent
- 04 | Rebound and recovery: need to be strategic, innovative
- 05 | Social changes until vaccine discovered?
- 06 | What does a post-COVID hospitality industry look like?



What's next for ABLE BC?

We're still here. And we're still going to be here in the days ahead to help you through this crisis and to get our industry back on the road to recovery. But it will mean significant changes for how we support you.

- 01 | Online platform: curated, consolidated info that matters to you
- 02 | More online resources: signs, crisis comms guide, best practices, etc
- 03 | Online educational series; expert forums; strategy sessions
- 04 | Digital member meetings (webinars, zoom, skype)
- 05 | Continued advocacy: moving from urgent crisis to rebound/recovery
- 06 | Conferences and events???
- 07 | What else do you need?



What's keeping me up at night?



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U.S.A.

With 645,513 confirmed cases and 29,215 deaths related to COVID-19, the U.S. is the most infected country on Earth. How will this impact Canada--economically and psychologically?

Credit crunch

Is there enough capital available to save all businesses in all industries? Or will government be forced to focus on businesses that make it to the recovery period?

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Are we going back to "normal?"

The hospitality industry was hit first, hit hardest, and will be last to recover. How will people go out? When will border re-open? What does tourism look like?? What will consumers want?

Questions?

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