

BC Hospitality & Tourism Update

December 18, 2020



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BC Hospitality & Tourism Update

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Walt Judas
CEO, TIABC



Glenn Mandziuk
President & CEO, TOTA BC; Chair, BCRTS



Ingrid Jarrett
President & CEO, BCHA

B.C. Tourism Research

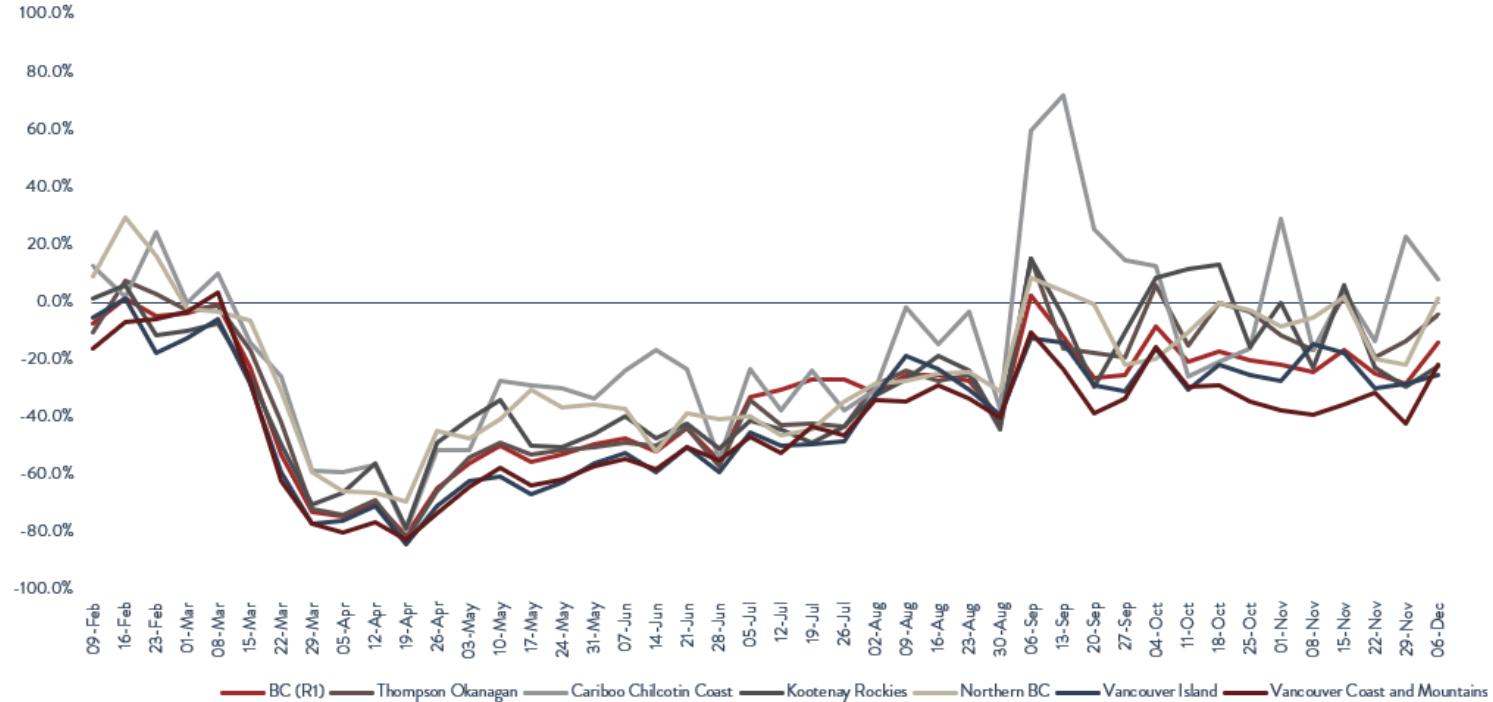
- Domestic Overnight Visitation
- BCRTS Tourism Impact Reports from Industry Surveys
- BCRTS Financial Case Studies



Domestic Overnight Visitation

Year Over Year Variation by B.C. Region

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Source: Measuring Canadian Travel Patterns, BC Weekly Domestic Overnight Visitor Insights. February 6 – Dec 6, 2020

ENVIRONICS
ANALYTICS

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BCRTS Tourism Impact Reports

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- BCRTS collects, collates, and reports on the impact of the COVID-19 pandemic on tourism businesses, as well as potential recovery measures, in the ongoing Tourism Impact Reports.
- The most recent results being reported are from November 12th - November 30th, which will be combined with ongoing data collection into a larger report at the end of December.
- Data was gathered through online and telephone surveys with firms in all six tourism regions of British Columbia.
- Firms in all regions were surveyed based on a randomly selected list, except for the Vancouver, Coast & Mountains (VCM) region, in which all members firms were sent the survey by e-mail with voluntary a response.
- The survey yielded 295 tourism business responses in November, including 151 respondents from the VCM region, and 144 respondents from the other regions of BC combined.

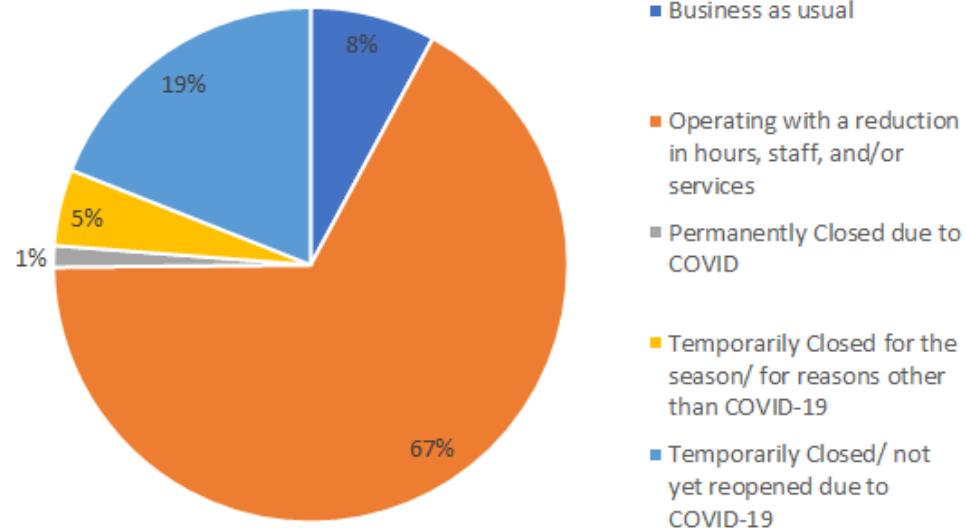


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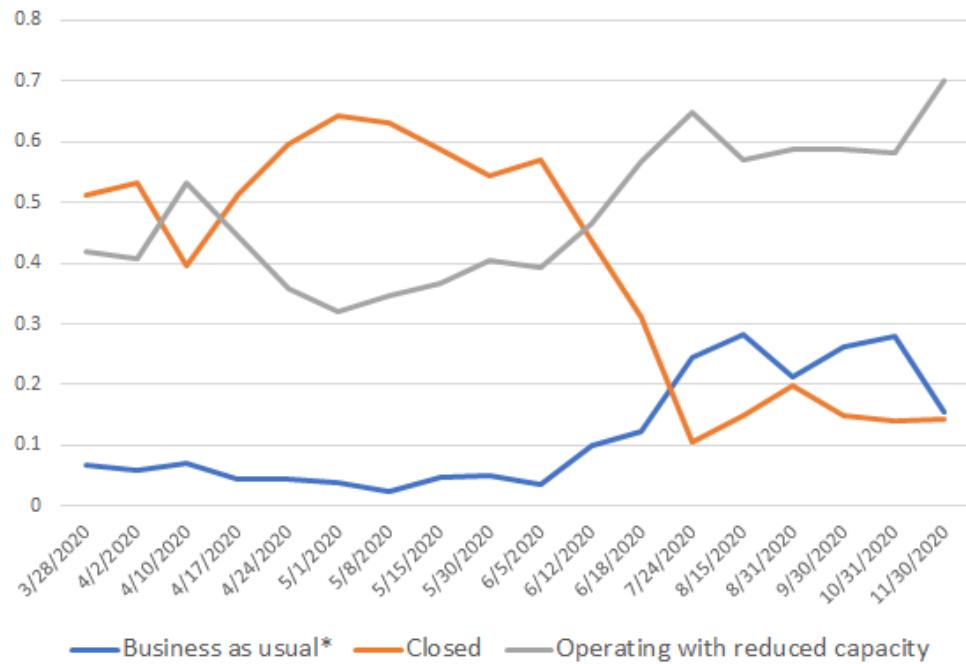
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Impact on Business

Please indicate the impact of COVID-19 on your current operations (All of BC)



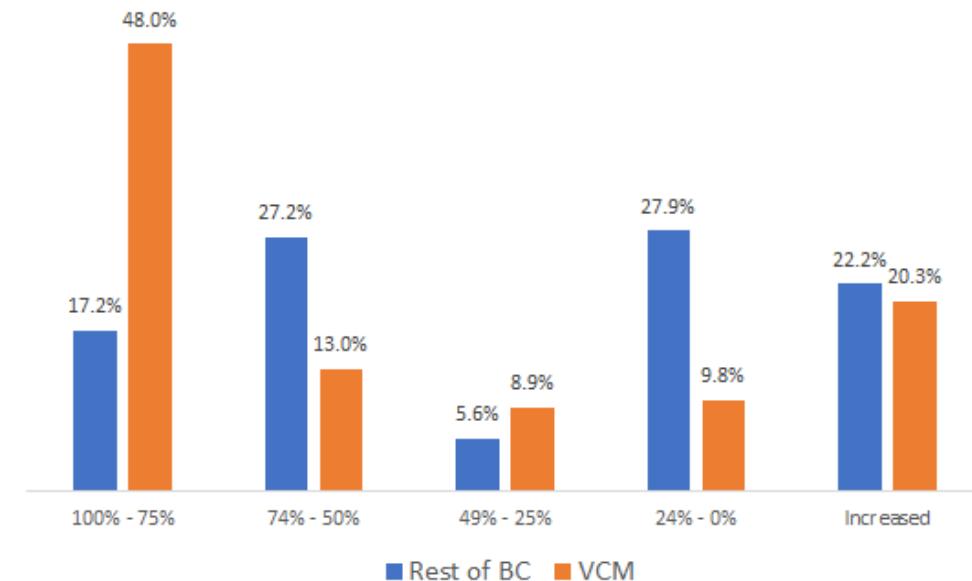
Impact of COVID-19, share of responses since start of survey (outside VCM region)



Year-Over-Year Change in Revenue

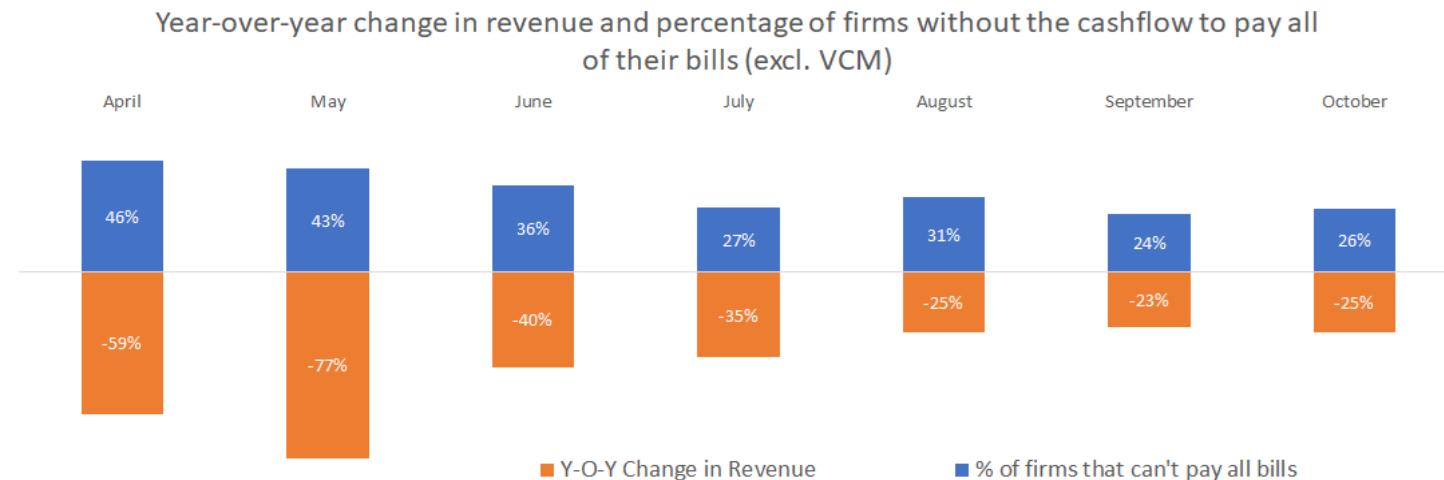
- The average change in revenue for firms in BC in October 2020 compared to October 2019 was -31%.
- About 61% of firms in the VCM region reported losing more than half of their revenue compared to 2019, compared to 44% of firms in the rest of BC.
- The proportion of firms reporting an increase in revenue from last year is just over 20%.

Compared to October 2019, by what percentage did your revenue fall?



Revenue and Ability to Pay Bills

- The proportion of firms unable to pay their monthly bills (outside of the VCM region) has increased by 2% in October from September.
- The percentage change in revenue compared to 2019 fell 2% from October.



Effect of Phase 3 Protocols

How have Phase 3 health and safety protocols affected the operation and success of your business?



■ Rest of BC ■ VCM

Changes to business practices undertaken or planned by firms due to COVID-19

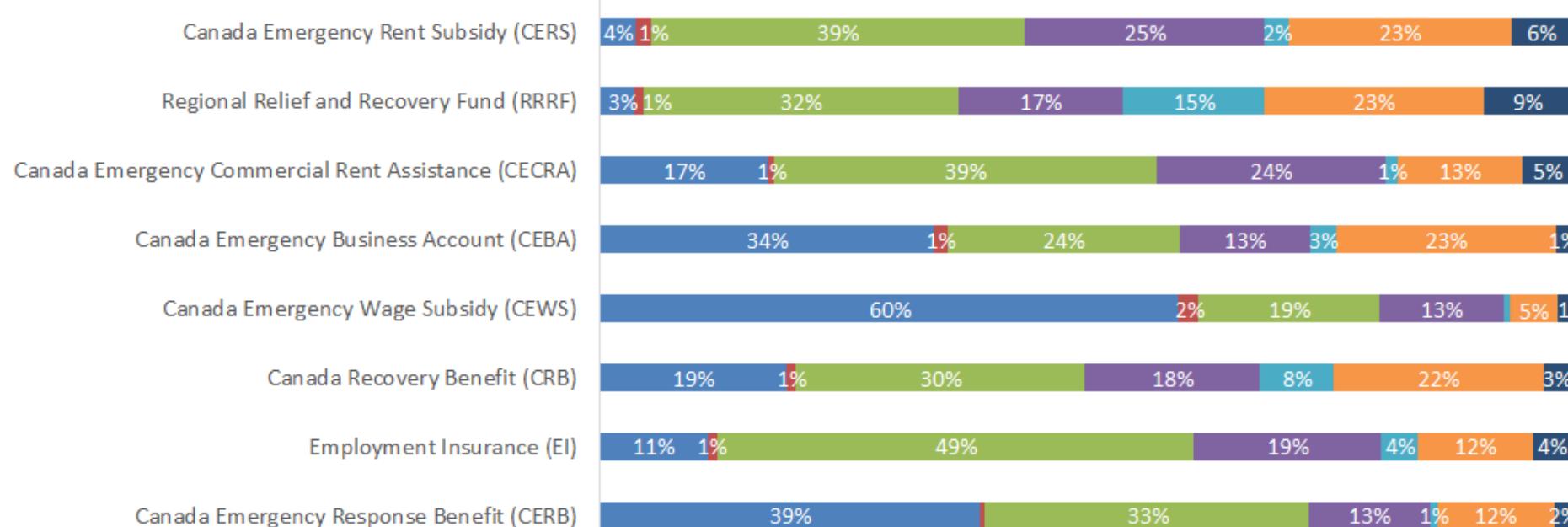


■ Rest of BC ■ VCM

Federal Program Access

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Access to Federal programs by BC Tourism firms



■ Received ■ Applied but was rejected ■ Not eligible ■ Didn't need it ■ Didn't know about it ■ Unsure ■ Other



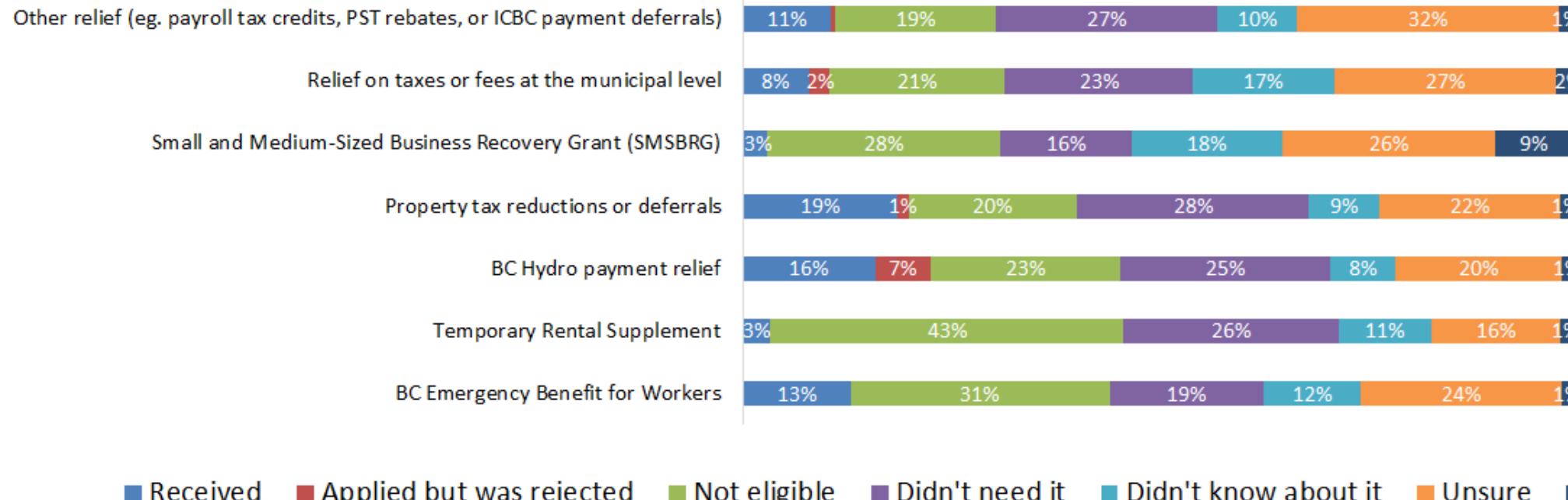
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Provincial Program Access

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Access to Provincial and other programs by BC Tourism firms



■ Received ■ Applied but was rejected ■ Not eligible ■ Didn't need it ■ Didn't know about it ■ Unsure ■ Other

Financial Case Studies

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Background

The BCRTS has conducted several in-depth case studies of BC tourism businesses to understand the impact of the COVID-19 emergency on revenues, employment, growth and profitability. With seasonal revenues and business models with high fixed costs, the drop in revenue has had a devastating impact on owners and employees.

Results are scaled and anonymized to protect the identity and competitive positioning of the businesses.



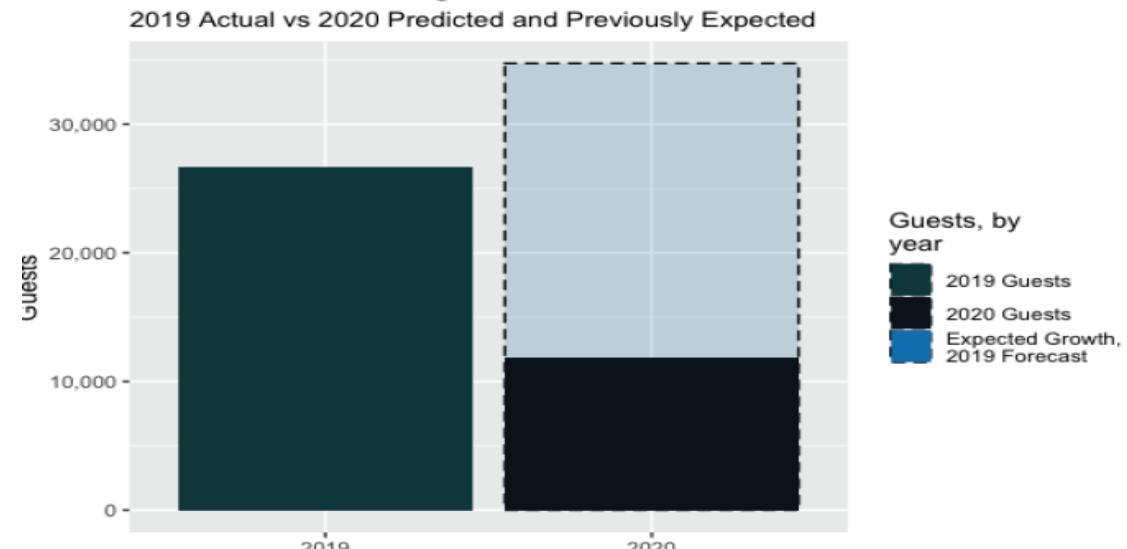
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Financial Case Studies

Remote Lodge A

The lodge and tour company had taken out debt to finance an expansion, anticipating continued revenue growth.

The COVID-19 emergency has instead decreased occupancy by 72% and eliminated the tours business, resulting in a drop of revenue and staffing of 80%.



Financial Case Studies

Outdoor Activity Operator A

The water-based guided tour company eliminated most offerings that were incompatible with social distancing, and restricted trips to a family bubble. Losses for 2020 alone are expected to consume the business's retained earnings.



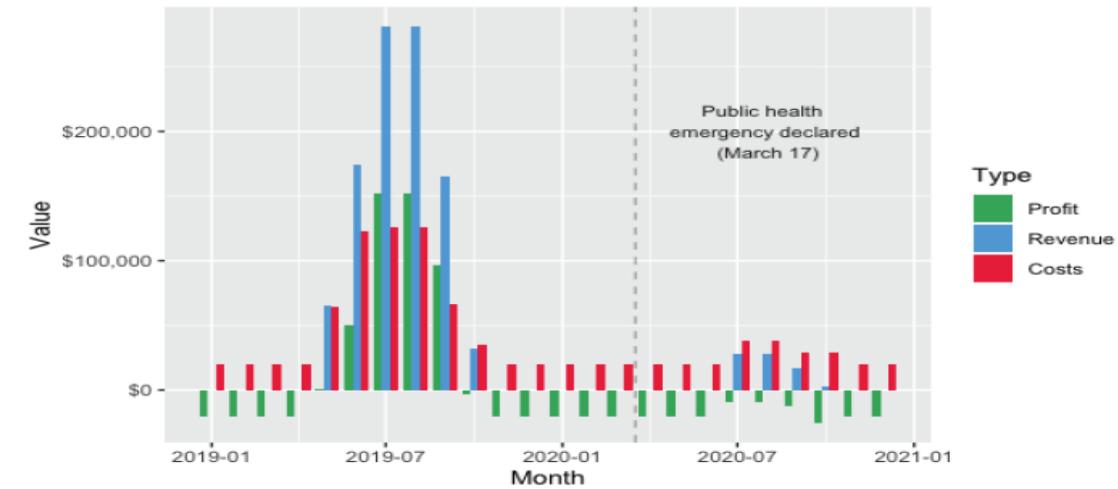
Financial Case Studies

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Nature Resort A

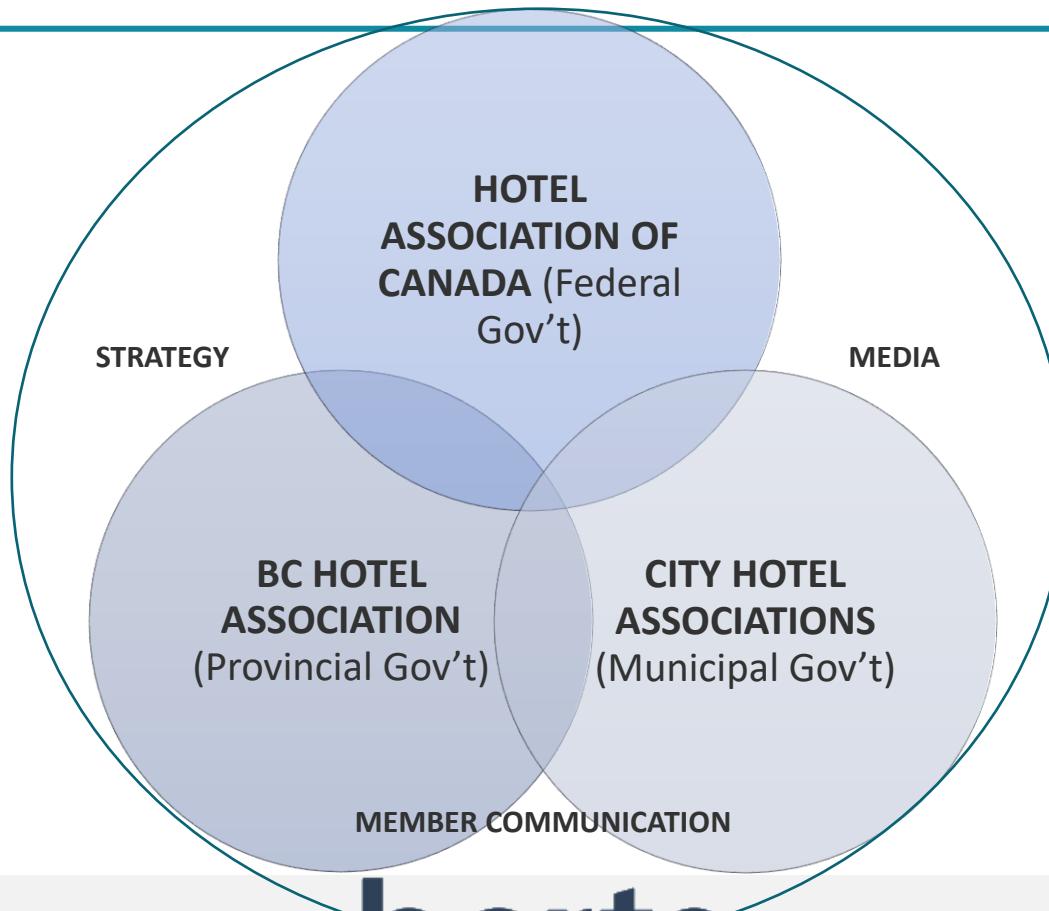
The lakeside resort, catering primarily to European travelers, was a reliable stop on circle tours.

The resort depended on several months of nearly full occupancy to cover fixed costs and generate profits. Tax payments to government are projected to fall by 87%.



Joint Approach: Working with National & City Hotel Associations

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British Columbia's Hotel Sector Provincial Accommodation Industry Profile

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1,300
Hotels



\$3.2 billion
Revenue



60,000
Employees

80,000
Hotel Rooms

\$54,000
Average Salary

British Columbia's Provincial State of the Industry

Industry Stats November 2020

18



46%

Indicated that
Without **access to
government-
supported
financing**, they will
be **unable to stay in
business**



50%

Have **lost more than a
million dollars** in
revenue since April
2020.



81%

have identified **the
extension of CEWS to
2021 as their top
advocacy priority**, with
many identifying potentially
having to close without
that support



72%

are either **operating at
reduced capacity** or
**closed due to the travel
restrictions**

British Columbia's Provincial State of the Industry

Industry Stats November 2020

19



40%

Have **3-6 months** of
liquidity



8%

Have **30-60 days** of
liquidity



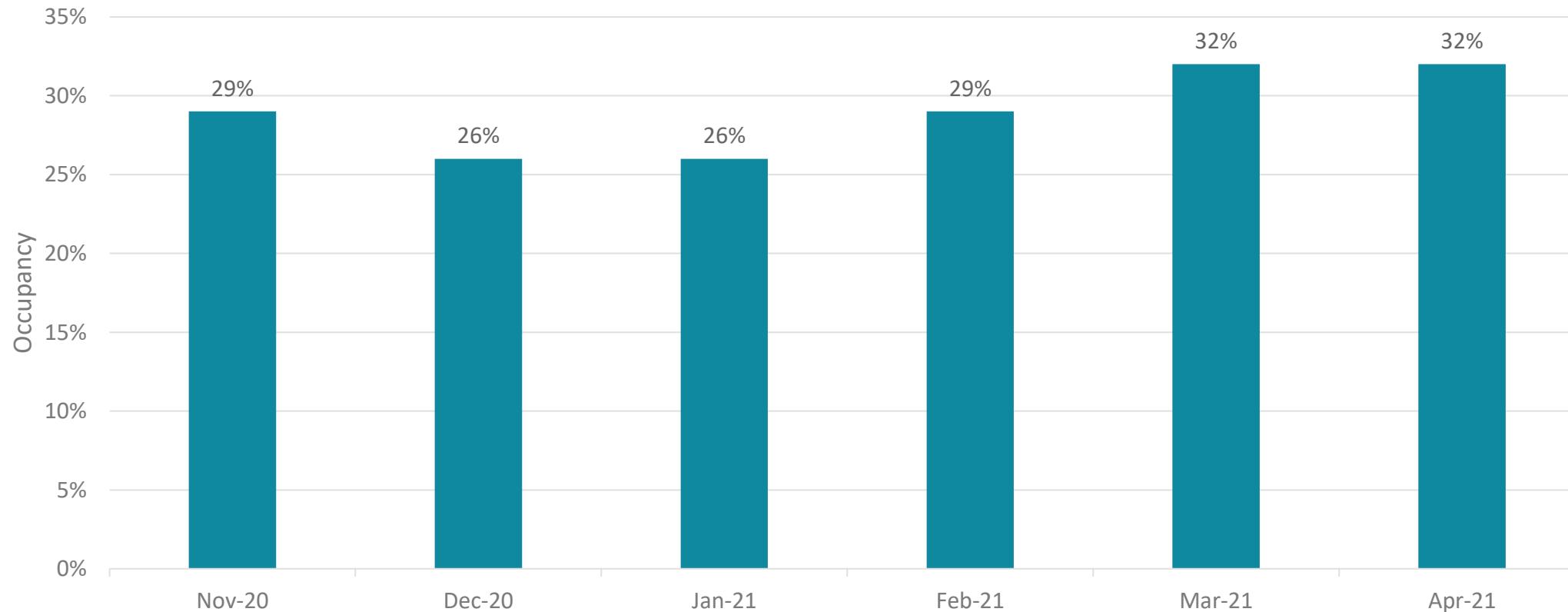
49%

Of hotels **do not qualify**
for the **small & medium**
size business relief
funds

Industry Forecast Occupancy

Provincial Stats Nov 2020-April 2021

20

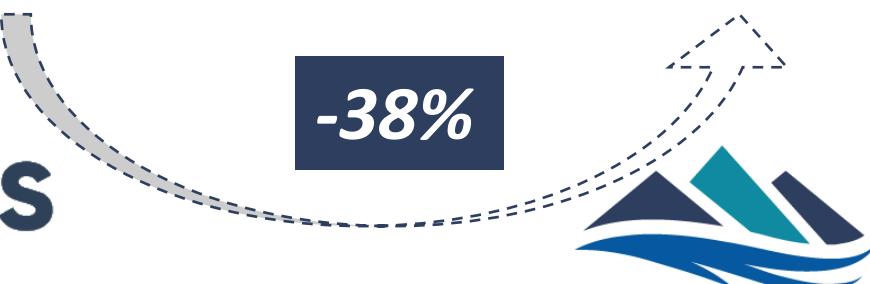


Canadian Forecast as of November 2020

Key Performance Indicator Outlook (Absolute Values)



Year	2019	<i>Canadian Outlook</i>		For Comparison 2003
		2020 <i>Forecast</i>	2021 <i>Forecast</i>	
Occupancy	65.0%	32.7%	49.9%	58.3%
ADR	\$165	\$129	\$133	\$114
RevPAR	\$107	\$42	\$66	\$67



STR Forecast Performance for 2021



22

- The last year to the RevPAR results were at 2021 forecast was 2003
- The last year RevPAR was lower than \$66 (what we're projecting for 2021) was 1997.
- Signed an agreement with STR for complimentary reporting for accommodators in BC



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BC Tourism Resiliency Network

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Regional Destination Management Organizations (RDMO)



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Founding Partners

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**British
Columbia
Tourism
Resiliency
Network**



Ministry of
Tourism, Arts
and Culture



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What We Heard from Industry

25

1. Advocate on Behalf of Business
to Government

2. Clarify Appropriate Consumer
Communications

3. Support Businesses with Pathfinding
Services and Expert Advice

Industry Engagement

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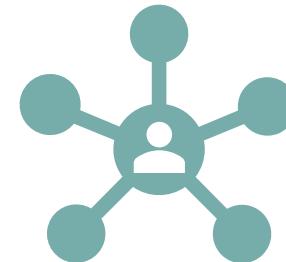
April 27 - Present

Program Active



1,553

Registered Clients



25,564

Points of Contact



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Organizational Summary

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Program Advisors

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- Red Cross Psychological First Aid Courses
- Government Relief programs
- Software training



Program Support Areas

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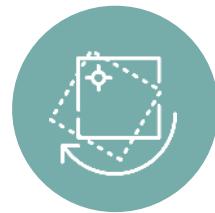
Reopening
Reassurance



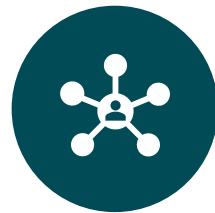
Financial Support



Advocacy



Business Pivots



Industry
Connections



Language Barriers
Support available in
multiple languages

Advance a Safe Destination

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- Formal agreement with World Travel & Tourism Council
- British Columbia recognized as a Safe Travels Destination
- BC health & safety protocols exceed global standards
- Regional communities and stakeholders can display Safe Travels Stamp



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Resources & Webinars

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TourismResiliency.ca website:

- Webinars: Upcoming & recordings
- Resource lists
- Stories of Resilience
- Register for regional Tourism Resiliency Program

Webinar Series:

- Regional Resiliency Program Intro
- Reputation Management
- Marketing in a Crisis Webinar with E-Learning University
- Tourism Industry Town Hall Webinar
- WorkSafeBC Health & Safety Guidelines
- Return to Work: Employment Law and COVID-19
- How to Use the CEWS Calculator
- Program Experts Answer Your Finance and HR Questions
- NowMedia Group Business Matters Webinar
- Webinar on Using Social Media to Support Re-Opening
- BC Hotel Association COVID-19 Best Practices Webinar
- Cash Flow Strategies & Government Incentives
- Re-Imagining Live Events
- Consumer Trends Post COVID-19
- Supporting Mental Health & Managing Workplace Stress & Conflict



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Access To Innovation

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IDEAS LABS

PEER - TO - PEER LEARNING

PRESENTED BY



Ideas Labs is a program created and produced by the Tourism Cafe

- Formal agreement between BCRTS and Tourism Cafe
- Series of peer to peer learning sessions with unique topics recommended by industry



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Reduce Operating Costs

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- Formal agreement between with FORTIS BC, GreenStep Solutions, and BC Hotel Association
- Eco Efficiency Program will reduce costs for tourism businesses and aid economic recovery
- Tourism businesses are eligible for an Energy Efficiency Assessment at no cost



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Access To Mental Health Support

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Canadian Mental
Health Association

Thoughtfull

- Formal agreement with Canadian Mental Health Association
- Implementation of the Mental Health Awareness & Aid Program
- Personalized services for mental well being of tourism industry employees
- Ongoing resources including webinars



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Access To Business Training

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- Formal agreement with eLearningU
- Free access to marketing learning assistance and professional development
- Library with over 350 hours of recorded webinar
- Ongoing updates with live webinars and access to new recordings



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Access To Health & Safety Training

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- Formal agreement with go2HR
- Roadmap to establish and maintain an effective health and safety program
- One-on-one consultations, training sessions, online webinars, and resources
- Option to complete Certificate of Recognition audit and incentive program



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Understand Visitors

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SYMPHONY
TOURISM
SERVICES
INSPIRED NAVIGATION



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DESTINATION
CANADA



- Formal agreements with Destination BC, BC Hotel Association, Destination Canada, Environics Analytics, Destination Think!, Smith Travel Research (STR), and TELUS
- Measure visitor travel patterns



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Digital Literacy & Digital Marketing Services

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Tourism Resiliency Network exists to adapt quickly to the needs of businesses facing fluid and continually changing pandemic health requirements and consequences;

Tourism businesses are asking for:

1. Actionable ways to work on their business;
2. Increased sophistication in Digital Literacy and Digital Marketing;

Tourism businesses are saying:

1. Don't want more workshops, toolkits and guides;
2. Do not have money to hire out digital marketing services;
3. Need hands-on support addressing even basic digital literacy and marketing needs.



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Digital Literacy & Digital Marketing Services

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Therefore, Tourism Resiliency Network will respond to the needs of businesses and provide, beginning January 2021:

1. Google My Business Listing optimization services, including verification, and photography;
2. Website support services, including adding COVID-19 safety plans to business websites and assisting businesses in basic website updates like changing Hours of Operation, adding a blog;
3. Social Media support services, including how to create a new Social Media account and/or perform basic functions on a Social Media account.



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Government Engagement & Advocacy

BCHA March-November 2020

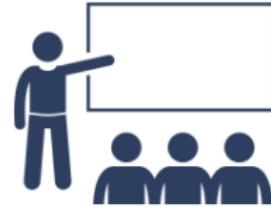
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Deemed an
essential
service –
March 2020



Best Practices &
Protocols for all
accommodation
types in BC



26+ Industry
presentations



30+ Meeting/calls
with government
ministries



25+ Hosted webinars
~3500 registrants



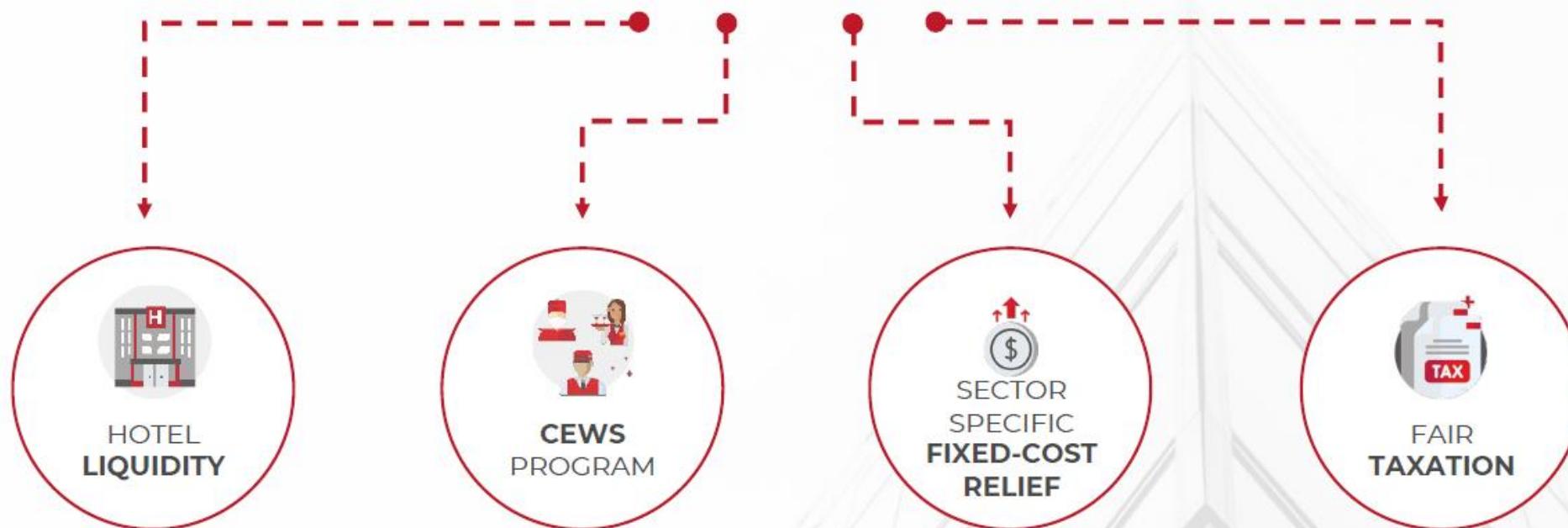
35+ Letters to
government



76 Industry update
communiques

WHAT IS CRITICALLY NEEDED?

KEY AREAS of Focus



NEW LIQUIDITY PROGRAM

HASCAP



100% GUARANTEED
BY GOVERNMENT

LOW INTEREST

10 YEAR REPAYMENT
TERMS

TOTAL LIQUIDITY FOR HOTEL SECTOR:

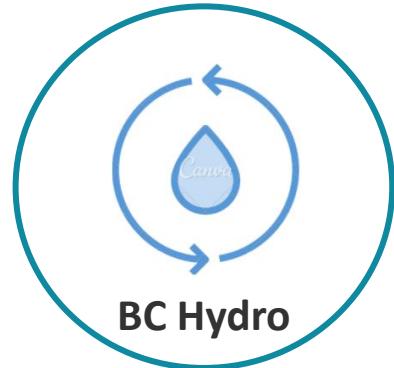
\$1.5-4 Billion

WHAT IS CRITICALLY NEEDED?

Provincial

Areas of Focus

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Temporary Layoff Portal

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- 13-week layoff written in BC's Employment Standards Act
- Extended to 16 weeks in May
- Extended to August 30th
- Extended to December 31st joint application employer/employee
- Extension into 2021 now active and live

<https://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards/termination/layoff-variances/employers>



WHAT IS CRITICALLY NEEDED?

Municipal Areas of Focus

45



Property Tax



Building
Consumer
Confidence



Short Term
Rentals

British Columbia Tax Leakage due to OTAs and Short-Term Rentals

46

Less than 25 years ago—in 1996—Microsoft introduced Expedia to the world of travel. While online hotel reservations (and other travel products) were already available directly from suppliers in 1996, the emergence of Online Travel Agencies (OTAs) greatly contributed to the travel industry's increasing reliance on online sales.

British Columbia tax leakage in 2018.

- GST leakage: **\$4,766,708**
- PST leakage: **\$7,626,733**
- MRDT leakage: **\$2,860,025**
- Federal Corporate Tax leakage: **\$3,266,321**
- Provincial Corporate Tax leakage: **\$2,690,269**

Total Leakage - \$21,210,056



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Insurance

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Canadian Hotel & Lodging Pooled Insurance Program

Insurance Bureau of Canada (IBC) has launched a Business Insurance Hotline.

IBC's hotline can be reached at: 1-844-2ask-IBC
(1-844-227-5422) or online at
<https://businessinsurancehelp.ca/>



[**BCHA Webinar with Insurance Bureau of Canada**](#)

[**BCHA Webinar with Western Financial Group Insurance**](#)



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Small & Medium Size Business Grant Update

Problematic criteria:

- Majority of business owned by BC resident/s
- Business operating for three years
- Employs between 2 & 149 people
- PST number
- Accessed federal gov't programs
- 75% of customers are out-of-province



Check In Canada Campaigns

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- Venture West
- Wine BC Harvest Campaign
- Regional Quarterly Campaigns
- Air North
- Caribou Chilcotin Coast

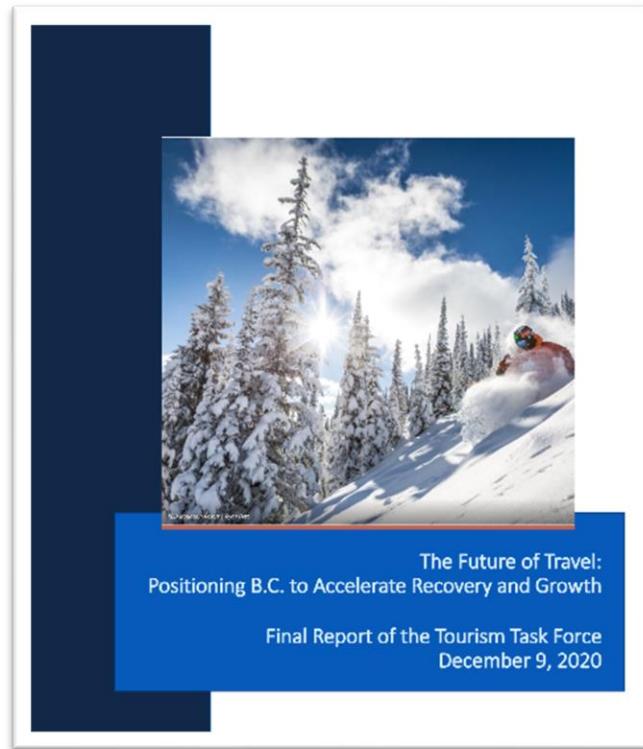
- Creating partnerships with tourism and accommodations driving demand direct to business



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BC Tourism Task Force Final Report

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Summary of Recommendations



Allocate emergency funding now for businesses & workforce



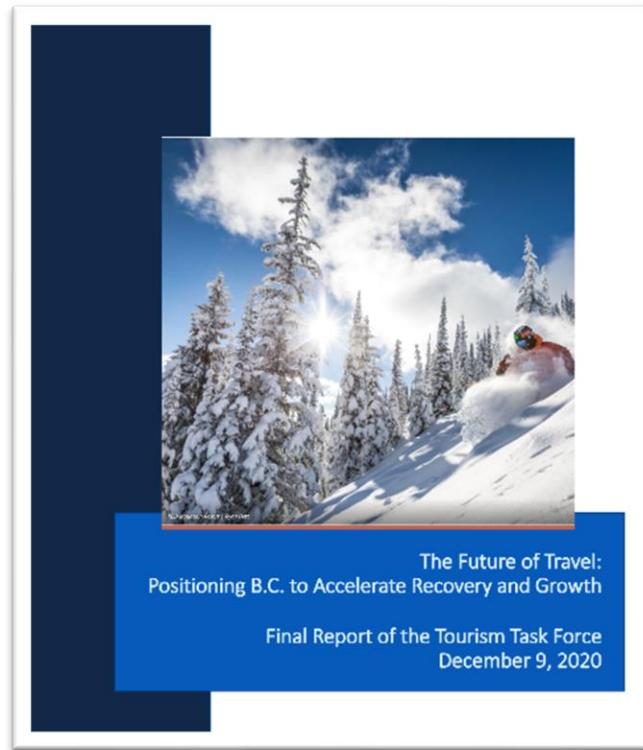
Accelerate growth and enhance sustainability



Inform a renewed strategic framework

BC Tourism Task Force Final Report

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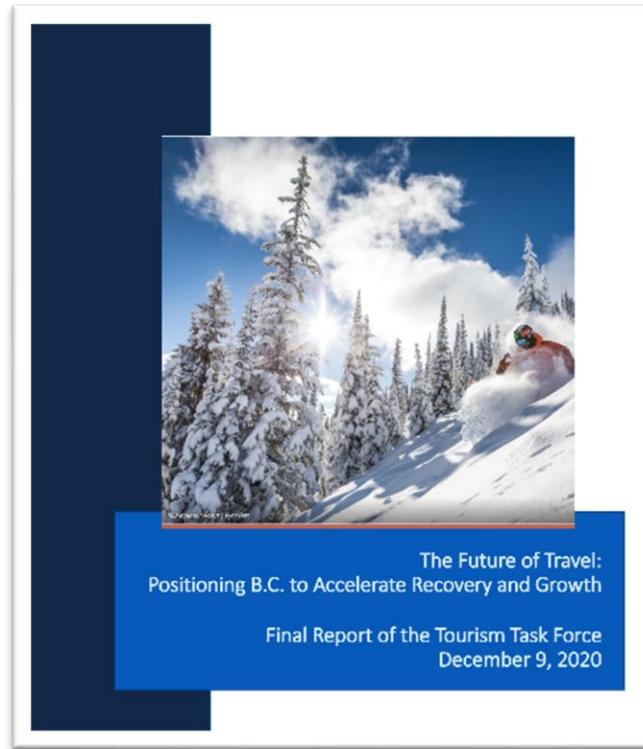


Recommendation Highlights

1. Immediately match \$50 million with at least another \$50 million
2. Allocate \$5 million to Indigenous Tourism British Columbia (ITBC) to support Indigenous tourism businesses
3. Allocate \$95 million to an Emergency Fund for Tourism
6. Defer / relieve fixed costs

Tourism Task Force Update

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SAFEHOST Training Program



Certification for tourism and hospitality industry



Workers, employers, contractors, and owners



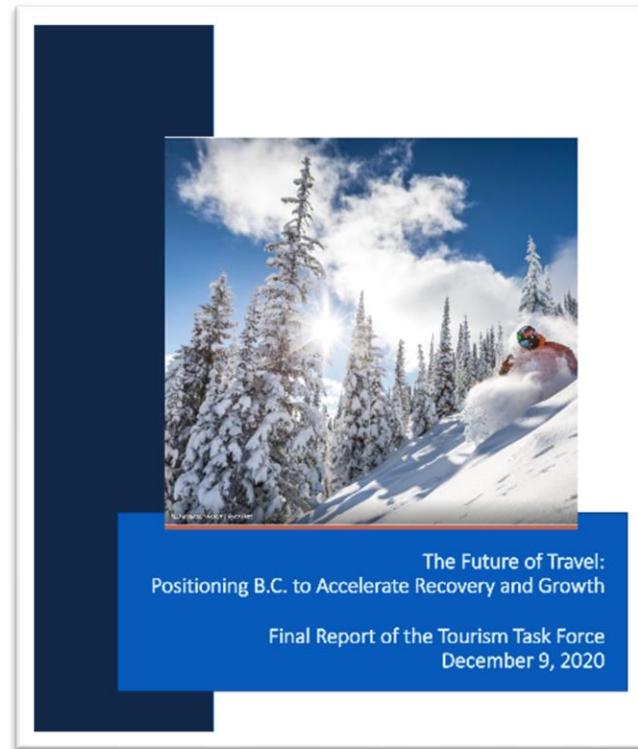
Knowledge of COVID-19



Principles, policies, programs and practices

Tourism Task Force Update

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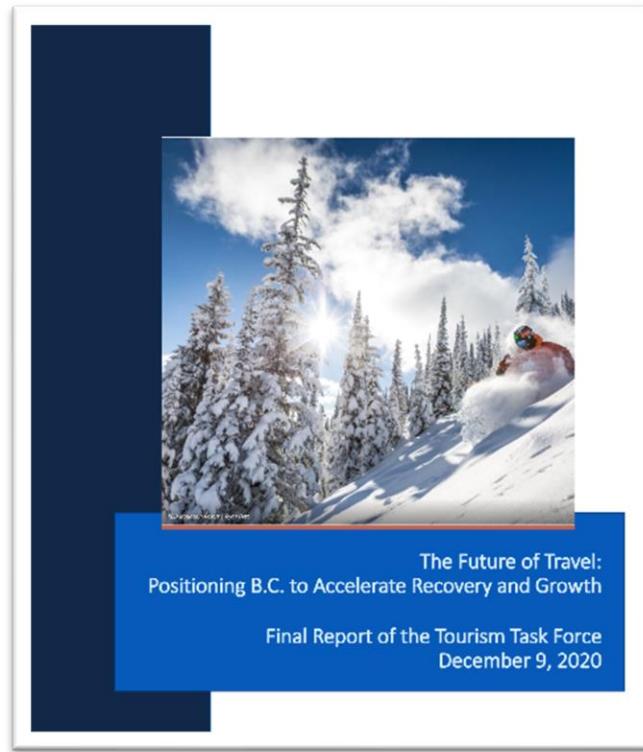


Recovery

-  Everyone must come together to champion the industry. Government must publicly state it is safe to travel as soon as it is safe to do so
-  Develop a travel incentive program to encourage travel within British Columbia
-  Launch a *Welcome to BC* program in Spring 2021 to encourage domestic and international visitation dependent on the re-opening of borders
-  Increase collaboration to improve grant application support to ensure tourism businesses can easily access what they need

Tourism Task Force Update

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Recovery



Leverage provincial and federal programs for further funding support and to amplify provincial funding



Improve partnership and collaboration to better gather data on the industry and more specifically on the impacts of COVID-19 on the workforce to inform future decision making and initiatives



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du Canada

Canada



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New Political Landscape

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- Hon. Melanie Mark –
Tourism, Arts, Culture & Sport
- Hon. Selina Robinson –
Finance
- Hon. Ravi Kahlon –
Jobs, Economic Recovery & Innovation



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Mandate Letters

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- Putting people first
 - Health & safety, services
- Lasting & meaningful reconciliation
 - Creating opportunities for Indigenous Peoples
- Equity & anti-racism
 - Tackling systemic discrimination, gender equity (decisions thru lens of gender-based analysis +)



November 26, 2020

Honourable Selina Robinson
Minister of Finance
Parliament Buildings
Victoria, British Columbia V8V 1X4

Dear Minister Robinson:

Thank you for agreeing to serve British Columbians as Minister of Finance. You are taking on this responsibility at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic.

COVID-19 has turned the lives of British Columbians upside down. None of us expected to face the challenges of the past number of months, yet British Columbians have demonstrated incredible resilience, time and time again. We will get through the pandemic and its aftereffects by building on this resilience and focusing on what matters most to people.



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Mandate Letters

- Better future through fighting climate change
- A strong economy that works for everyone
 - Investing in health care, economic recovery, putting people back to work, helping businesses & communities, clean economy
- **Equity and anti-racism:** Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. Our government has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every ministry has a role in this work. While our caucus elected a record number of women, more work remains to address gender equity. Delivering on our commitments to address racial discrimination will require a commitment by all of government to ensure increased IBPOC (Indigenous, Black and People of Colour) representation within the public service, including in government appointments. Our efforts to address systemic discrimination must also inform policy and budget decisions by reviewing all decisions through a Gender-Based Analysis Plus (GBA+) lens.
- **A better future through fighting climate change:** In 2018, our government launched our CleanBC climate action plan. CleanBC puts British Columbia on the path to a cleaner, better future by building a low-carbon economy with new clean-energy jobs and opportunities, protecting our air, land and water and supporting communities to prepare for climate impacts. It is every Minister's responsibility to ensure your ministry's work continues to achieve CleanBC's goals.
- **A strong, sustainable economy that works for everyone:** We will continue our work to support British Columbians through the pandemic and the economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. Our plan will train the workforce of tomorrow, help businesses hire and grow and invest in the infrastructure needed to build our province.

Hon. Selina Robinson

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- Close the gender pay gap
- End gender-based violence
- Gender equity in budgets, policies, programs
- Bring down the cost of housing
- Provide relief for people with triple-net leases who pay high property taxes
- Introduce renter's rebate



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Hon. Selina Robinson

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- Invest in economic recovery by continuing to make the investments needed to support people and businesses
- Launch a new *Recovery Investment Fund* to deliver an additional 1% of GDP each year in capital projects to drive new growth and investment (e.g. roads, transit)
- implementation of budget policies to keep BC fiscally sound



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Hon. Ravi Kahlon

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- Industrial & manufacturing strategy
- Exporter of climate solution
- Shipbuilding, forestry, aerospace
- Strategic investment fund to support low carbon economy
- Regenerative agriculture network
- Growing small tech companies into larger ones



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Hon. Ravi Kahlon

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- Support people and businesses in the recovery from the COVID-19 pandemic by continuing to deliver initiatives that will directly support small businesses and build an inclusive economic recovery across B.C.



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Hon. Melanie Mark

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- Collaborate with sport organizations
- Arts Infrastructure Program
- Development/re-development of Royal BC Museum, Canadian Chinese Museum, Jewish Community Centre, South Asian Museum
- Honour Japanese Canadians
- Film Sector Task Force



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Hon. Melanie Mark

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- Support the tourism, arts, culture and sport sectors through the COVID-19 response and recovery, setting them up for success in the years ahead.
- Work with the Tourism Task Force to bring together leaders from business, labour, First Nations and not-for-profits to support the tourism industry as it moves toward recovery from the COVID-19 pandemic, including by delivering the critical supports for the industry that are part of our government's economic recovery plan, StrongerBC.



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Official Tourism Critic – Teresa Wat

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- First elected in 2013 in Richmond North Centre
- Served as Minister of International Trade
- Former journalist
- Queen Elizabeth 11 Diamond Jubilee Award recipient



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Premier's Liaison to Washington State Rick Glumac

65

- MLA, Port Moody-Coquitlam
- Former city councillor
- Worked in high tech sector
- Served with PNWER
- Province remains engaged on cross-border issues
- Review measures to restore cross-border traffic & trade



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Re-opening Borders

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- Need for re-opening strategy
- Criteria for re-opening?
 - Vaccine
 - Rapid testing
 - Positivity % threshold of transmissions in Canada & ‘bubble’ countries
 - Contact tracing



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Re-opening Borders

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- YVR – WestJet pilot
- Only antigen testing study underway
- Domestic only; looking at international pilot subject to approval
- Results in January; traveller survey positive



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The Way Forward

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- Health & safety protocols published & accessible
- Consumer-facing communications – industry, gov't
- Meetings with ministers
- Advocate for 2021 budget measures



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The Way Forward

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- Help for large operators such as hotels, iconic attractions
- Details on Regional Air Service program
- Support for major airlines (hub & spoke)



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The Way Forward - National Efforts

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1. Wages
2. Fixed Costs (e.g. rent relief)
3. Liquidity

Minister, Canadians want to and will travel again. But without targeted relief measures, many hard-hit businesses like ours will fail, resulting in long-term unemployment and lost capacity to support tourism, conventions, and events in the years to come.



WJ

Meetings & Events Restart

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Proposal to be submitted under
Section 43 of PHA:

- Allow venues and professional organizers to conduct safe, in-person meetings & events that will re-engage our workforce and stimulate creativity, innovation and community building
- Graduated, tracked, tested, vetted, evidence-based



Boating Regulations

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- Proposal by Transport Canada to repeal Rental Boat Safety Checklist
- Will hurt boat rental industry and affect tourism
- <https://letstalktransportation.ca/pcoc>



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Thank you

Stay Safe and Healthy

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