

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Submitted By:



Association of
Canadian Independent
Travel Advisors

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- **Recommendation 1:** That the government continue funding the CERB program, or a modified Employment Insurance program, in the amount of \$2,000 per month, for Independent Contractors, until at least March 2021. Independent Travel Advisors are, in essence, sole proprietors, and therefore do not qualify for any other program than CERB, at this time.

- **Recommendation 2:** If the government decides to use a modified EI program, it is important that Independent Advisors are not excluded by the qualification criteria. As Independent Advisors we are not going to be actively looking for new employment opportunities, as we are currently working to service our existing client files, and generate new sales to revive the travel industry.

- **Recommendation 3:** That the government reinstate Passport Application processes, so that when Travel Restrictions are lifted, there is not a tremendous backlog, denying Canadians their ability to resume travel immediately.

- **Recommendation 4:** That the government consider revising restrictions on travel, opening up the possibility of travel between destinations deemed safe, with no current outbreaks. Testing prior to departure, and/or upon return could be introduced to mitigate risks to our country as well as those Canadians are accepted in for travel to, and potentially reduce the current 14 day mandatory quarantine upon return to Canada.

Background:

The retail travel sector is made up of Travel Advisors who are salaried employees, and **Independent Contractors**, whose sole income is from commissions earned, many of whom work from a home office.

There are unique challenges facing these **Independent Travel Advisors** as a result of the COVID-19 pandemic.

Over 40% of Travel Advisors in Canada, a number estimated to be over 10,000, are home based, independent contractors who rely 100% on commissions as their sole source of income. The ***Association of Canadian Independent Travel Advisors*** has been formed to assist Professional Travel Advisors, advocating for much needed support during this difficult time.

There are many different businesses adversely affected by the COVID-19 pandemic. However, it is well-documented that the Travel Industry was the first to be hit and will be one of the slowest to recover. Not only are consumers not ready to book travel, but many countries that consumers would normally visit will not be allowing tourists, nor will the airlines be flying to many destinations. Calin Rovinescu, CEO Air Canada recently said it is estimated that it will take up to 3 years for the airline to get back to the level of flying they did pre-COVID19. IATA (International Air Transport Association) has recently predicted Global air Traffic will not recover until 2024.

In March 2020, ACTA (Association of Canadian Travel Agents) anticipated that **90% of the 24,000 travel agents will be unemployed or without income for at least, the duration of March 15th, 2020 to August 31, 2020, and it appears to be quite likely that this duration could easily be extended to March, 2021.** As our borders remain closed, and as the Canadian Government continues the “Do Not Travel” Advisory, once travel sales begin to happen, it will take 3 to 10 months before we will see any commissions. ACTA further estimates the economic loss to our industry in Canada could be up to \$30 billion in sales and \$3 billion in revenue.

Recommendation 1: That the government continue funding the CERB program, or a modified Employment Insurance program, in the amount of \$2,000 per month, for Independent Contractors, until at least March 2021.

How Independent Travel Advisors Earn Revenue:

Respectfully, many in the Federal government may not be fully aware that compounding this issue, is the timeline it can take a Retail Travel Advisor to actually *receive* their revenue on a travel booking. Commission is paid by the supplier **on average 139-317 days after the consumer has booked**. This is largely different from the timeline of other small businesses receiving revenue (e.g. restaurants, hair salons, gas stations, etc.) as most of these businesses are paid when the service is provided.

Although we are actively working at our businesses, Independent Travel Advisors will not likely see any new income until, in a best case scenario, early 2021, pending the resumption of international travel, therefore we are seeking an extension of the Canada Emergency Response Benefit (CERB) or the modified EI program to at least March 2021.

The following is a summary of the traditional timeline for an Independent Travel Advisor to receive ANY compensation (commission) for the work we do. We can provide complete back up, to quantify the following statements:

- A customer inquires about booking a trip, it can take from 1 day to 1 year from that initial customer contact and the subsequent research undertaken by the Travel Advisor, to when a customer decides to book a trip. Since we cannot quantify the time it takes for a customer decision, we are NOT including the number of days into the overall calculation.
- The customer has come to a decision on the trip they wish to book. From the date the booking is made with a supplier (Example: Air Canada Vacations / Viking River Cruise / Transat Holidays) until the client travels, typically takes **76 - 300 days**.
- Now the clients have departed on their vacation and we have STILL not been paid any commission by the supplier. On average, it takes **42 days** for the commission to be received by the head office of a travel agency.
- As we are Independent Contractors, even when the head office receives the commission, they still have to process the commission and pay us; this typically takes **21 days** from receipt to being deposited into our bank accounts.

- **139 - 317 days** is the average time from when a customer makes a booking until we receive ANY commission.

Using the example above, assuming travel restrictions open up by the end November, and a client books December 1st 2020: We will not receive ANY commission for the work that we've done until as early as April 17th, 2021 and as late as July 15th, 2021. This is why we need your support.

Independent Travel Advisors could slip through the cracks:

Without this support, thousands of Canadian Independent Retail Travel Advisors will have no choice but to leave their profession as Travel Advisors. Those who remain will face tough economic recovery in the businesses they have built, many for decades, who have come through other crises such as the economic recessions in 2008, and 9/11. Being a Travel Professional is what we love, and in turn **we generate millions of dollars in revenue for hotels, airlines, tour operators and cruise lines; yet we are often NOT included in any aid packages because we are small companies, not large corporations.**

We do not qualify under current regulations for any other programs, such as the wage subsidy or loan programs, as we are self employed, sole proprietors. With the recent announcement that our government will now transition from CERB to EI, this is a matter of extreme concern to our Association and Members, since with the current criteria we do not qualify as small business owners, nor as employees, since we collect 100% of our income through supplier commissions.

We ask that further clarification be given to the term "Contract Workers", and ask that in the modified EI Program, an exemption from training programs and requirements such as "actively seeking employment" be given to Independent Travel Advisors.

- **Recommendation 2:** *That Travel Advisors not be excluded by the qualification criteria of a "modified" EI program. As Independent Advisors we are not going to be actively looking for new employment opportunities, as we are currently*

working to service our existing client files, and generate new sales to revive the travel industry.

Additional Hindrances:

Compounding this issue is the unique situation we have been facing over the past five months, of “**recalled commissions**” (ie, Suppliers send us an invoice asking for the commissions that we earned to be paid back), due to the fact that some clients are receiving refunds for cancelled travel, or because they have launched a chargeback through their credit card company. In effect, we have been earning negative commissions for past work, which has exacerbated our financial hardships.

Secondly, we are now finding, as we start to see the economy reopen, that some of our clientele is interested in booking travel. Many of our clients have future travel credit from various suppliers, and are looking to book for travel for the 2021 winter/spring season, as well as cruisers who often book at least a year in advance. With the passport offices still not actively processing applications, this is causing the consumer to hold off on future bookings, as the updates set out by the passport office on their website currently state they are not processing applications outside of urgent requests, and travel within 30 days.

We NEED passport services to return to normal. If we are to get our economy going, we need to be able to start making plans for the future, and for many Canadians, that is through travel.

- **Recommendation 3:** *That the government fully reinstate Passport Application processes, thus removing this barrier from hopeful travellers.*

Easing of Restrictions:

Finally, we have seen other countries, in which they are being very cautious, but innovative in allowing their borders to reopen, **to those countries who have COVID-19 under control, and are taking measures for the safety of their residents as well as the travellers choosing to visit.**

We would like to see our government be proactive with these measures, and with strict protocols in place, even should it involve pre arrival COVID testing, or on arrival testing and screening, that we be the innovators in the world, in this regard. We would also like to see a reduction or removal of the 14 day quarantine upon return to Canada, and possibly replaced by a COVID test upon arrival, in which with presentation of a negative result, would allow any Canadian the chance to waive that 14 day mandatory quarantine. This will allow people to start resuming future travel plans, without the need to take three weeks of vacation for a one week holiday, which most can ill afford.

- **Recommendation 4:** *That the government consider revising restrictions on travel, opening up the possibility of travel between destinations deemed safe, and reducing the current 14 day mandatory quarantine upon return to Canada.*

Conclusion:

Independent Travel Advisors have, from the beginning of the COVID lockdown, been working diligently and tirelessly to repatriate travellers back to Canada, facilitate and process refunds or future travel credits, and rebook travel for 2021, all the while keeping up to date with changing travel guidelines, policies & advisories.

In addition, we are constantly trying to brainstorm ideas on how we can restart the economy in our industry, while maintaining strong health protections, as we feel Canada has done a great job of controlling the spread of COVID-19, and believe we can continue to do so while reopening the economy in our industry. We continue to look forward, and welcome any actions by the Federal Government which will reverse the shutdown of the travel industry.

We thank you for your time and attention, and look forward to the opportunity to present these concerns directly to the Standing Committee on Finance, to discuss the unique set of circumstances that we as Independent Travel Advisors face.