

**Written Submission for the House of Commons Standing Committee on Finance
in Advance of the 2021 Budget**

By: Association of Canadian Travel Agencies



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Association canadienne des agences de voyages



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List of Recommendations

Recommendation 1: That the government create a travel industry specific program that includes financial support for travel sales professionals, similar to the program introduced in the United States.

Recommendation 2: That the government extends the Canadian Emergency Wage Subsidy to help travel agencies get through the COVID crisis.

Recommendation 3: That the government extends the Canadian Emergency Response Benefit for the travel industry and includes Independent Travel Agents who are not eligible for Employment Insurance benefits in any future version of CERB or EI.

Recommendation 4: That the government amends the Canada Emergency Commercial Rent Assistance program and make it available to the tenant directly, rather than rely on the participation of the commercial property owner. This will ensure that the much-needed relief is received by the tenant.

Recommendation 5: That the government work with the travel and tourism industry and develop mutually beneficial solutions for employees and employers while the travel industry slowly begins to recover.



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On behalf of the Association of Canadian Travel Agencies (ACTA), we are pleased to submit our response to the House of Commons Standing Committee's Pre-Budget Consultations in advance of the 2021 budget. We appreciate that the Finance Committee is engaging with Canadian industry to help determine needed supports for different sectors post COVID-19.

ACTA is the Association of Canadian Travel Agencies, a national member-based trade association that represents the retail travel sector of Canada's tourism industry. Over 12,000 Travel Agents across the country work in our member agencies representing more than 80% of the travel business booked through a Travel Agency in Canada.

Canada's retail travel sector plays an important role in our economy and the lives of the travelling public. ACTA's membership continues to grow and the leadership we provide our Members keeps pace with ever-changing requirements for travel professionals and travelers alike. In today's complex and rapidly changing retail travel environment we are there for our members.

We are an industry led, non-profit organization that advocates on behalf of members with governments, regulatory agencies, and travel suppliers in the best interests of the retail travel sector and consumers who benefit from the professional services provided by our Members.

Our purpose since our founding more than 40 years ago, is to ensure Canadian consumers have professional, meaningful and ethical travel counselling services by providing effective leadership in matters that impact retail travel industry members and their clients.

We Advocate – to governments, suppliers and other organizations through one strong voice.

We Educate – to elevate industry standards and professionalism through certification, accreditation and other learning opportunities.

We Promote – the value of the retail travel industry to the travelling public and actively position travel agencies and agents as travel experts.

We Connect – our Members with information, contacts and programs needed to achieve more effective awareness and sales.

COVID-19 and the Travel Industry

In the wake of the COVID-19 global pandemic, the travel industry was one of the hardest and earliest hit industries. Government travel advisories at the beginning of the pandemic shook our industry and throughout the month of March and into April, Travel Agents played a critical role in cancelling and/or rebooking tens of thousands of Canadians scheduled to depart on winter vacations, including March Break, one of the busiest travel periods of the year.



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Travel Agents also played a vital role in bringing Canadians home during this critical period. With close to zero revenue coming in and the travel industry working around the clock, 7 days a week, to bring Canadians home, Travel Agencies were put in a uniquely detrimental situation.

Although there was zero revenue coming in during this period, Travel Agencies increased staff, ticketing, and communication expenses to adjust travel plans, cancel and rebook travel arrangements, and helped Canadians get home as airlines and other travel suppliers extended their cancellation windows due to COVID-19 travel bans.

Because of the nature of our members' businesses, the impacts of COVID-19 have been severe. In fact, ACTA anticipates that 90% of the 24,000 travel agents were unemployed or without income from March 15, 2020 to August 31, 2020. Further, ACTA estimates the economic loss to our industry in Canada could be up to \$30 Billion in sales and \$3 Billion in revenue.

As many areas across Canada began to re-open, the travel industry has been – and will be – the last to reach its pre-COVID business levels. While restaurants, manufacturers, and other important industries have begun to re-open, the recovery for the travel industry will take longer than other sectors. Our members rely on government to lift travel restrictions and advisories, coupled with the need for consumer confidence to return to our sector.

In the United States, Travel Agencies were included in a \$25 Billion Economic Stabilization Aid Package for Airlines. This aid came in the form of loans, loan guarantees and other investments to support airlines, travel agencies (ticketing agents of airlines) and other related aviation businesses. The aid package offered in the United States to travel agencies under the Small Business Interruption Loans (\$349 Billion) also includes independent contractor entrepreneurs. There is no collateral or personal guaranty requirement for the loans and the portion that covers the business' payroll, mortgage, rent or utility expenses may be eligible for forgiveness in whole or in part.

On the other hand, Canada chose not to provide sector-specific support, instead opting for a the Canadian Emergency Response Benefit (CERB) and Canadian Emergency Wage Subsidy (CEWS). CEWS and CERB have allowed Travel Agencies to keep some staff working to handle rebookings and cancellations amid the steady stream of changes to travel suppliers' policies, and provide some income for others who have been laid off, including self-employed (independent) Travel Agents.

The travel industry needs sector-specific support. ACTA is asking the Canadian Government to support Canadian Travel Agency Businesses and Workers with sector-specific financial aid to weather this financial crisis. While we support funding for Canada's airlines, It would be a travesty if these companies were given support while the ticketing agents (travel agencies) that support them, and enhance competition were not included.

Canadian Emergency Wage Subsidy

While the Prime Minister announced the CEWS program will be extended into December 2020, the travel industry will be one of the last industries to recover and an extension past this timeline is critical for our sector.



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Canadian Emergency Response Benefit

While we are grateful for the continued support for businesses through CEWS, we appreciate the need to remove disincentives to growth. We recommend the government extends CERB for the travel industry and includes Independent Travel Agents who are not eligible for Employment Insurance benefits in any future version of CERB or EI.

Government Travel Advisories

Of critical concern to Travel Agencies is the uncertainty of when the borders will open, and more importantly, what criteria is required to ease border restrictions. ACTA appreciates that the health and safety of Canadians is paramount. However, without the clear establishment of criteria, the uncertainty and prospect of booking travel remains a challenge for Travel Agencies. It has negatively impacted the consumer's confidence in travel and has contributed to the demands for refunds.

Some countries have started to open up and are accepting Canadians, yet reciprocal agreements have not been extended. ACTA recommends the Government work with industry to develop clear criteria for re-opening borders and future travel advisories.

Canada Emergency Commercial Rent Assistance (CECRA)

While the intention behind CECRA is very much valued, 70% of Travel Agency landlords are **not willing** to participate in the program. ACTA recommends that the federal government amend the rent program and make it available to the **tenant directly**, rather than rely on the participation of the commercial property owner. This will ensure that the **much-needed** relief is received by the tenant.

Amending the Employment Standards Act (ESA)

While Employment Standards is the responsibility of the provinces, we appreciate that the federal government stepped in with aid for the rent relief program which is also, typically, a provincial responsibility. For the most part, all provinces and territories amended their ESAs and extended the temporary waiting periods. The federal government should know however, that as long as Canada's "**Avoid all non-essential travel outside of Canada**" and **border closings** are in place, Travel Agencies in Canada will not be able to bring back the vast majority of their employees. Unfortunately, this means that when lay-off periods expire and with no revenue coming in considering the travel restrictions in place, Travel Agencies will be unable to sustain the costs associated with termination and severance costs. ACTA urges the federal government to work with the travel and tourism industry and develop win/win solutions for employees and employers while the travel industry slowly begins to recover.

Conclusion

ACTA thanks the House of Commons Standing Committee on Finance for the opportunity to participate in its Pre-Budget Consultations in advance of the 2021 budget. Our industry has suffered greatly during



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the COVID pandemic but we are optimistic for the future. Our members have already seen a slight uptick in travel bookings for the 2021 travel season and with government support during these difficult times we know we will pull through this crisis. The travel sales industry is worth investing in. With government support, our members will flourish and continue to provide jobs and a valuable service for Canadians.