



**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming 2020/2021 Federal Budget**

House of Commons Standing Committee on Finance

By:

UNITE HERE! CANADA

August 6, 2020

Executive Summary:

Recommendation 1:

Prioritize and implement policies that preserve workers' jobs in the hospitality and transport sectors. That means ensuring laid-off workers have a legal right to return their jobs, extending CEWS through 2021 with higher baseline subsidies for hard-hit hospitality and travel sectors, and protecting contracted airport workers who could be left behind.

Recommendation 2:

Put workers at the centre of any sectoral relief packages by **conditioning government relief to hard-hit sectors with employer participation in CEWS and requiring employers to pass through the wage subsidy to its full workforce, including idled staff.** Any future financial relief to these sectors must be tied to keeping workers on the payroll. This will also enable a smoother recovery for businesses and their workers.

Recommendation 3:

Provide ongoing income support to laid-off workers in hard-hit sectors through the duration of the crisis. The phase out of CERB raises serious concerns about gaps in EI that will hurt hospitality workers. A CERB-like alternative or a hospitality-specific program that address the needs of seasonal, part-time, tipped, and low-wage workers is needed to fix the shortcomings of EI.

Recommendation 4:

Government should work closely with sectoral labour representatives and industry to ensure a safe route back to work for hospitality workers and to restore the confidence of the travelling public. That means making certain practices mandatory like daily hotel room cleaning and insisting guests and workers wear masks in common public areas, as advised by public health experts. Government should also ensure workers have employer-provided PPE appropriate to their assignments, comprehensive health and safety training, and paid-sick leave if needed for self-isolation or quarantine.

UNITE HERE! Canada welcomes the opportunity to submit our recommendations on restarting the Canadian economy to the Standing Committee on Finance.

UNITE HERE! Canada represents over 18,000 hospitality workers across the country who work in hotels and restaurants and contracted foodservice in a wide variety of institutional settings, entertainment venues and resource camps. They also serve the transportation sector as contracted airline catering workers who prepare and deliver meals airside to Air Canada, West Jet, among others, and work as contracted airport concession workers at Vancouver, Ottawa, Victoria and Regina International Airports. We are affiliated with UNITE HERE! International Union which represents 300,000 workers across North America.

Canadian hospitality workers, including those represented by UNITE HERE! Canada, were among the first and worst hit by the economic impact of COVID-19 and will be among the last to recover. Over 90% of the industry's workers were laid off in March; few have returned to work. Analysts predict the hospitality and air travel sectors may not begin to recover until summer 2022 or later.

Thousands of hospitality workers, many of whom have built careers in the sector, face an uncertain future. Whether it be a hotel worker in Toronto or Vancouver, a food vendor from the Rogers Centre, an airport concessions worker serving Ottawa International Airport, or a cook at a resource camp in Fort McMurray, laid-off hospitality workers are facing long-term unemployment with few job alternatives that provide comparable wages and benefits earned through years of hard work.

Unless the government acts swiftly, Covid-19 will worsen economic inequality. This will be felt most acutely by those in hard-hit sectors like hospitality, which are dominated by women, immigrants, and racialized Canadians.

Therefore, we submit the following recommendations and urge government to ensure a fair, safe and successful recovery for Canada's hospitality workers:

1. Preserve Workers' Jobs

Canada's hospitality and travel sectors were booming prior to Covid-19. While they will gradually return to pre-pandemic levels, ongoing travel and border restrictions mean workers will remain laid-off for months or years. The **government should make it a top priority to keep workers connected to their jobs** as the recovery takes root. Government can do this in several ways:

- The federal government should work with provinces to ensure workers have a **legal right to return to their jobs**. That means requiring employers to call back pre-Covid employees rather than replace them with new hires when business returns. News reports indicate that hotel employers in B.C. are permanently shedding laid-off staff. Workers should not lose everything they worked for because government asked

them to stay home and protect public health. Those laid-off due to the pandemic need a legal guarantee to be first in line to get their jobs back - for as long as it takes the hospitality and travel sectors to recover.

- Slow uptake of CEWS led government to extend the program through December 2020. While a welcome change, the wind-down beginning this fall is too sharp a decline to help workers in the seasonal hospitality sector. For example, the September through mid-December period will bring another drop in hotel occupancy given convention and large meeting cancellations. To encourage more employer participation in this sector and to support laid-off workers, the **government should extend CEWS through 2021 with higher baseline subsidies for hard-hit hospitality and travel sectors.**
- Contracted workers in Canada's federal airports, such as **airport concession workers, need their jobs protected in case contracts change hands during the pandemic.** The fate of contracted airport concession workers - primarily immigrant women - is deeply entwined with the fate of the airport authorities they serve. Many were laid-off in March when COVID-19 hit and could face another round of job cuts if airport authorities switch contractors. The government should ensure Airport Authorities commit to requiring new airport concession contractors retain existing workers if contracts flip during this period.

2. Condition sectoral relief with job retention requirements:

The government should put workers at the centre of any future government sectoral relief to hard-hit industries. That means hotel corporations and airport authorities seeking sectoral relief such as forgivable loans, rent and fee waivers, tax deferrals and relaxed regulations, should be required to keep workers on the payroll. Otherwise, job losses will continue to mount during the road back to recovery.

- **Future sectoral bailout relief should be conditioned on 1) employer participation in CEWS, and 2) requiring employers to pass through the wage subsidy to its full workforce, including idled staff.** In cases where this may not be feasible, the government should consider setting targets or thresholds for employers to use CEWS to cover their pre-Covid workforce to the broadest extent possible. Many hospitality employers are using CEWS for those actively working and not providing the subsidy to their temporarily laid-off staff. Part of the rationale is that employers do not want to front the costs of covering idled workers. Conditioning government relief to CEWS participation and covering a greater share of the workforce will achieve the government's goal of connecting more laid-off workers to their jobs and provide greater income relief and stability to workers and their employers until industry conditions improve.

- The pandemic arrived at the tail end of a golden age for the Canadian hotel industry in which major cities welcomed record numbers of overnight visitors (28.1 million in Torontoⁱ and over 11 million in Vancouverⁱⁱ). Meanwhile, international investment banks loaned vast sums of money to hotel businesses (\$19.75 billion over a ten-year periodⁱⁱⁱ) to purchase assets for expansion, remodeling and refinancing debt. **The lesson learned from the U.S. Paycheck Protection Program is that the complexity of hotel ownership and operations obscures who benefits from government relief. Any government relief to hotel owners must be tied to keeping their hotel workers on the payroll rather than using the money primarily to pay off banks.** Otherwise, government debt relief may contribute to making hospitality jobs more precarious and create incentives for businesses to engage in cost cutting measures that jeopardize a safe reopening.
- Similarly, Airport Authorities are seeking broad government relief through 2021. Any government relief package to Canada's airports should require job retention for direct and contracted staff – including airport concession workers – who are essential to the function of our airports.

3. Provide ongoing income support for workers laid-off due to Covid-19:

The government's plan to move workers off CERB and onto EI raises concerns about gaps in support for hospitality workers. The way EI is currently structured lets too many workers fall through the cracks.

- EI must be reformed to address the needs of seasonal hospitality workers whose hours and earnings fluctuate throughout the year. A hospitality-specific program that accounts for the large number of seasonal and part-time workers would be better suited to addressing the need for income support through a protracted period of unemployment.
- Tipped staff, banquet workers and stadium vendors who work part-time at multiple places to generate adequate income to support themselves may not be adequately covered under EI. **The government should consider a minimum benefit similar to CERB as an alternative to EI for part-time hospitality workers.** Under CEWS, these workers will not fare as well because a single employer will not capture a significant portion of workers' overall income when workers are employed at multiple jobs.

4. Ensure a safe return to work:

The government should commit to relaunching Canada's tourism sector by working closely with labour and industry to ensure employers adhere to a rigorous sanitation protocol. This includes working with provinces to instill confidence in Canada's hotels.

- Hotel industry trade associations and some major hotel employers recommend cleaning rooms only on check-out or leaving it to guests' choice. Public health and worker safety

should not be treated casually. **Non-quarantine guest rooms should be cleaned and disinfected daily.** According to Dr. Robert Harrison of the University of California San Francisco and other leading scientists, both the public health benefits and risks to workers of daily room cleaning are similar to frequent cleaning of high touch surfaces in common areas of hotels.^{iv} The McKinsey Consumer Leisure Travel Survey^v found that when asked which actions a hotel could take to make them feel safer and thus more likely to stay in a hotel, the top response was “more intense room cleaning.” Efforts on the part of the industry to reduce daily housekeeping is a pre-existing industry agenda to cut jobs and offset operating costs, not a public health measure. It will make jobs that are already seasonal even more precarious.

- COVID-19 does not distinguish between hotel guests and the employees who serve them. Yet many companies issued standards focused on steps they would require employees to take but were silent about guests. More companies have finally amended their standards to require guests to wear masks, but to ensure compliance, **the government must issue and enforce mandatory standards among guests and staff alike.**
- Government should continue to work with provinces to ensure workers will have **paid-sick leave** if needed for two-week isolation periods or quarantine.
- Government should ensure workers have employer-provided PPE appropriate to workers’ assignments, as well as comprehensive health and safety training to ensure the safety of guests and employees.

Conclusion

UNITE HERE! Canada urges the government to adopt these recommendations to support Canada’s hospitality workers who are facing significant challenges and uncertainty about their future. They work in a critical sector of the economy that *will* eventually recover. Until then, laid-off workers who were asked to stay home to protect public health need reassurance from the government that they will have jobs to return to, have a safe route back to work, and, in the meantime, have access to ongoing income support that prevents them from falling through the cracks.

ⁱ https://www.thestar.com/news/city_hall/202002/25/toronto-tourism-has-another-record-year-but-coronavirus-casts-shadow-over-2020.html

ⁱⁱ <https://www.tourismvancouver.com/media/corporate-communications/vancouvers-tourism-industry-fast-facts/>

ⁱⁱⁱ <https://www.collierscanada.com/en-CA/Research/2020-canadian-hotel-investment-report>

^{iv} <https://www.uniteherelocal40.org/wp-content/uploads/2020/08/Letter-to-Board-of-Supervisors-Healthy-Building-Ordinance.pdf>

^v Krishnan, V., Mann, R., Seitzman, N., & Wittkamp, N. (2020). Hospitality and COVID-19: How long until 'no vacancy' for US hotels. *McKinsey & Company Travel, Transport & Logistics*.