

## A 5-Point Plan to Bridge the Hotel Industry Through COVID-19

Canada's hotel industry was vibrant and thriving before COVID-19, and it will come back strong when normal travel patterns resume.

Throughout the pandemic, the hotel industry supported Governments and communities serving as a safe place for:

- front line workers to self-isolate;
- repatriated Canadians to self-quarantine;
- vulnerable Canadians to take shelter; and,
- non-COVID-19 patients to recover from surgery.

We were there for our communities.

We are a regulated, professional industry that is deeply committed to health and safety measures. Enhanced safety protocols and systems have been implemented in hotels across Canada to keep both guests and employees safe.

The industry will see a protracted recovery in the face of continued and required travel restrictions and limits on mass gatherings, but with the Government's support, we can chart the sector's return as the critical infrastructure it is in every community in Canada.

### 5-Point Plan AT A GLANCE

**1** Protect Employment

**2** Provide Adequate and Accessible Liquidity Program for Hotels

**3** Support Industry-Led Health & Safety Programs

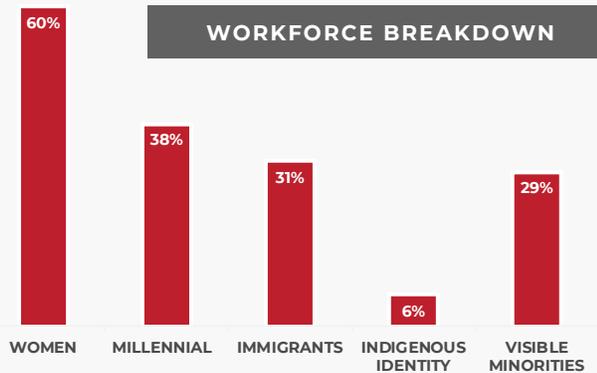
**4** Reduce Use of Risky Short-Term Rentals

**5** Stimulate Canada's Hotel Sector

## Hotels employ essential workers

Canadian hotels employ **310,000** workers

Average annual salary for full-time employee: **\$41,891**



### CANADIAN HOTELS OFFER MEANINGFUL EMPLOYMENT



# 1

## Protect Employment

Employees are the backbone of this service industry. As hotels often serve as an entry point for new Canadians, many hotel workers will face limited retraining options due to critical language skill barriers. Our work force is heavily representative of women and young Canadians.

These jobs are important and they need to be protected.

### RECOMMENDED GOVERNMENT ACTION

Amend the CEWS legislation to apply the Safe Harbour principle to periods 7, 8, and 9 for businesses with a sustained revenue decline.

Source:

<sup>1</sup> Canada's Lodging Sector 2019, CBRE Hotels

<sup>2</sup> Statistics Canada, Customized Tabulations, Census 2016



## Hotels are a good investment

Canada experienced record-setting nation-wide tourism before COVID-19

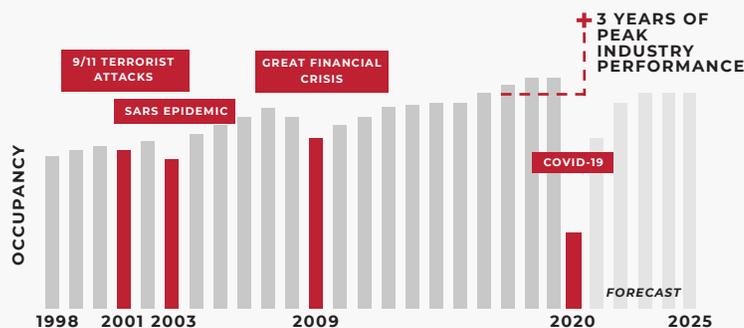


Canada  
**Top 10**  
international  
destination



Record  
**Overnight**  
**Arrivals**  
in 2019

### HOTELS: PRE-PANDEMIC STRENGTH



In past crisis, the hotel sector has recovered quickly.



A **quicker recovery will be possible** with targeted government supports. Absent these measures, the industry could take more than 18 months to return to 2019 levels.

Source: CBRE Hotels' Trends in the Hotel Industry National Market

# 2

## Provide Accessible Liquidity and Financial Supports for Hotels

The Government's loan programs are largely inaccessible to hotels and do not address the pressing need to cover fixed costs.

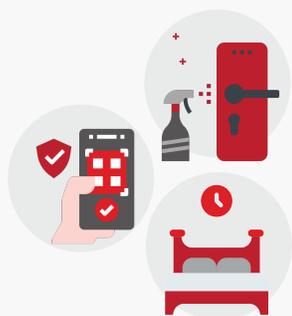
### RECOMMENDED GOVERNMENT ACTION

Implement an immediate hotel liquidity and support program with the following terms:

- Streamlined access with a 100% loan guarantee
- Loan of up to 20% of annual revenues
- Include component equivalent to the commercial-rent-assistance program to cover three months of fixed mortgage payments
- Low interest and fees with repayment terms comparable to international programs
- No personal guarantees

## Hotels are deeply committed to health & safety

THE HEALTH & SAFETY OF OUR GUESTS AND WORKERS IS A CRITICAL CORE VALUE



- + To ensure guest and employee health and safety, hotels have enforced new and enhanced:
  - + **cleaning** protocols
  - + **employee responsibilities**
  - + **physical distancing** protocols
  - + Use of **PPE for employees**
  - + **Resting period** between hotel stays



- + **Safe Stay** is an industry-led, North American initiative designed to support hotels to adopt new systems and enhanced cleaning protocols. Safe Stay is widely adopted and has been endorsed by every major hotel brand.

**1**  
North American  
Safety Program

**50+**  
newly launched  
global cleaning  
programs



# 3

## Support Industry-Led Health & Safety Programs

Investments in health and safety standards have come at great cost to the hotel industry in the face of a crippling losses in revenue.

### RECOMMENDED GOVERNMENT ACTION

- 1** Provide financial support to clean certification programs and support employee training.
- 2** Provide refundable tax credits for investments in health and safety infrastructure.
- 3** Provide safety capital fund to support additional cleaning measures.

## Hotels are a professional accommodation provider

SHORT-TERM RENTALS ARE  
RISKY BUSINESS

An investment into the hotel sector and its recovery is **support for a professional accommodation provider that plays by the rules**, unlike the short-term rental industry.



Airbnb removed **31,000 homes** from Canada's housing market in Canada in 2019



nearly **\$100 million** in lost tax revenue (if the consumer tax rates were applied to Airbnb)



**+\$2.8 billion** in revenue generated by short-term rentals in Canada in 2018



# 4

## Reduce Use of Risky Short-Term Rentals

Unregulated short-term rental platform companies, like Airbnb, are not required to meet provincial health and safety regulations. They are also linked to housing shortages, community crime and nuisance.

These risky providers should not be afforded tax preferences that give them an unfair advantage over Canadian employers who charge and remit all appropriate taxes and follow all health safety regulations.

### RECOMMENDED GOVERNMENT ACTION

- 1 Require short-term rental platform companies to pay corporate income tax and collect and remit HST/GST on their services.
- 2 Have the platform companies charge and remit HST/GST on behalf of hosts from dollar one of revenue.

Source:

<sup>1</sup> <https://upgo.lab.mcgill.ca/publication/short-term-rentals-in-canada/short-term-rentals-in-canada.pdf>

<sup>2</sup> *Measuring private short-term accommodation in Canada, 2015 to 2018*, by Statistics Canada

<sup>3</sup> *An overview of Airbnb and the hotel sector in Canada: A focus on hosts with multiple units*, by CBRE, September 2017

Hotels are **critical infrastructure** in every community in Canada

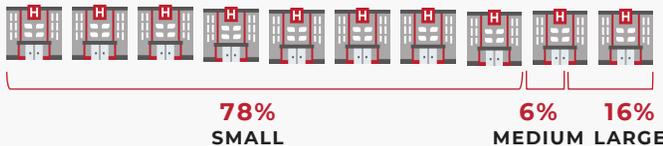
**HOTELS ARE AN ECONOMIC ANCHOR THAT CANADA DEPENDS ON**

**8,300**  
hotels across  
Canada

**460,000**  
hotel rooms  
across Canada



+ Most **hotels in Canada are small and locally owned businesses**



**\$10 billion**  
revenues to  
government  
(all three levels)



**\$20 billion**  
generated  
"value-added"

**HOTELS ARE GOOD FOR COMMUNITIES**

**Businesses depend on hotels.** Hotels must remain intact to support ancillary businesses.



# 5

## Stimulate Canada's Hotel Sector

As other countries have done, Canada should invest in a series of stimulus measures to encourage Canadians, and eventually, international visitors to experience Canada again.

### RECOMMENDED GOVERNMENT ACTION

**1** Create a **Canadian Travel Incentive Program (CTIP)**, a refundable tax credit for the 2021 tax year:

- One 25% tax credit per family on qualifying expenditures (up to a maximum of \$5,000 claim = \$1,250 credit)
- Expenditures to include accommodation, travel, meals, and activities
- Qualifying expenditures to be associated with a minimum of one-night accommodation for non-business travel
- Claim can represent multiple trips provided each excursion includes an overnight
- Limited to Canadian travel

**2** Once mass gathering bans are lifted, incentivize group gatherings and meetings business.