

BRIEFING NOTE

Destination Canada Industry Webinar

Tuesday, April 28, 2020

Adrienne Foster, Destination Canada, Director, Strategy and Corporate Planning

Hello and Welcome. The webinar is now beginning and we will start with a word from David Robinson, Interim President and CEO of Destination Canada.

David Robinson, Destination Canada, Interim CEO

Thank you so much, Adrienne.

My name is David Robinson, I am the interim President & CEO at Destination Canada.

On behalf of everyone at Destination Canada, welcome to our webinar on COVID19 featuring the Chair of our Board of Directors, Ben Cowan-Dewar.

We will also get on-the-ground updates from Charlotte Bell, President and CEO of the Tourism Industry Association of Canada; Martin Soucy, President and CEO of l'Alliance de l'industrie touristique du Québec and Beth Potter, President and CEO of the Tourism Industry Association of Ontario.

We know many of you have questions about federal support for the tourism sector, so we're happy to share the most recent information we have and to hear what conversations TIAC is having here in Ottawa from Charlotte.

I'll pass the mic to Sebastien Dubois, our Executive Director of Partnerships to give a quick welcome and go over some housekeeping items.

Sebastien Dubois, Executive Director, Industry Partnerships, Destination Canada

Thank you David.

[Sebastien provides translation of David's opening remarks above in French]

Just a little housekeeping. As always, we will be taking notes throughout this session and posting them on our website in both English and French. We will also post a recording of the webinar.

A number of you have submitted questions in advance of this session and we will reserve some time at the end of the webinar to address them. There are some questions for which we don't have complete answers – we will do our best to provide as much information as we can today and will keep them top of mind for our COVID-19 industry research page.

David Robinson

And with that, I'd like to introduce the Chair of our Board, at Destination Canada Ben Cowan-Dewar.

Ben Cowan-Dewar, Chair, Board of Directors, Destination Canada

Thank you David.

It's been 28 days since my last DC Webinar update and a lot has changed.

Not much of the change has been good.

Lockdown orders continue in most places and it looks like physical distancing rules will persist even when the Canadian economy begins to open up.

Throughout all of this, the Canadian tourism sector has been disproportionately impacted: we were hit first, we were hit the hardest and we will be the last to recover.

Yet, the tourism sector in Canada clearly hasn't given up.

I know the team at Destination Canada is inspired by the sector's resolve and is working very hard to support you now and through to recovery.

What is Destination Canada doing?

First and most importantly we're listening to industry.

Commercial partners of all sizes and destination marketing organizations are telling us in real time how the sector is being impacted.

And the biggest message we're hearing is liquidity is needed – now. If the small businesses that make up the backbone of our industry go bankrupt, there simply won't be anything to market.

And that's why we've focused our research program on understanding the economic impact of this crisis.

Last Monday we released two research reports which you can find on our website: one from Oxford Economics on COVID-19's impact on domestic and international travel. This report breaks down its findings to a provincial level.

We've also worked closely with McKinsey & Co on an analysis of what the industry is currently experiencing and what it will take to get our industry through to the other side of the pandemic. The executive summary and first portion of this work is currently live on our website.

We will continue to provide this type of analysis to industry and the government. Having an honest assessment of a problem is the first step to solving it.

Second, since this crisis hit, meaningful communication with industry has been a priority for the Destination Canada team.

We've created a COVID resource page on our corporate website to help the tourism industry access the most relevant resources.

We are monitoring government announcements and programs closely and will communicate any new information across our channels.

Finally, the tourism sector experienced a period of growth in the last couple of years. Four years ago we took advantage of a strong period to get Team Canada aligned and prepared for less good times.

I'm happy to say that the Team Canada approach continues and, while we're not sure exactly how these partnerships will look coming out of this, we are certain we'll be working together.

We are working with Google and other online travel agents to develop a Signals Framework so we can use the online behaviour of consumers as an early warning system that the public is ready to think about travelling again.

We are also hearing that any recovery plan needs to start small. Most of our partners agree that we should be starting with hyper-local campaigns and then moving to regional, provincial and international.

We know the key to a successful local campaign – one that will kickstart our sector – is the local DMO.

Many of our DMO partners are experiencing significant reductions in budget so we are working to support them wherever we can. Our support includes covering the sunk costs of the Team Canada activation after ITB was cancelled. We are also waiving the cost of our research partnership buy-in.

We are also supporting all other members of the industry, including small and medium-sized businesses where we can. For example, we've made sure that every RVC participant received a full refund on their registration fees and we are increasing access to more of our research which we are making available for free on our website.

Before I hand the mic back to Dave I want to reiterate how passionately the Team at Destination Canada feels about the tourism sector and how each member of our team understands the magnitude of the challenge that you, as an industry, are facing right now.

David Robinson

Thank you Ben. Sebastien Dubois will now provide a short resume of Ben's remarks. Please also remember that we will be posting bilingual notes from this session online.

Sebastien Dubois

[Sebastien provides overview of Ben's remarks above in French].

David Robinson, Destination Canada

Next, I'd like to invite Charlotte Bell, President & CEO of TIAC to give an overview of the situation from an industry perspective and brief update on her organization's next steps.

Charlotte Bell, President & CEO of TIAC

- Welcome. This is my 4th webinar with Destination Canada.

- I'm so pleased to be joined by Alliance and Ontario are joining us today, as well as Ben Cowan-Dewar.
- We are all working as a team – this is a brutal time for the industry
- Even though pro-active measures were put in place there are still enormous gaps
- We receive feedback from industries on a regular basis
- Research from McKinsey says that most businesses cannot survive 3 months.
- Lose 70% of their revenues compared to 2019
- The gaps are real and we 've been consistent in bringing these to industry and government.
- We pushed to have the wage requirement opened up for more workers to qualify
- Seasonal and contractors are not favorably impacted by the wage subsidy.
- The wage subsidy does
- Extend program until March 2121.
- Industry's number #1 problem is liquidity
- We formed a coalition with the hotel coalition and restaurants Canada.
- We continue to press for 100% government backed loans with a forgivable portion.
- We continue to push
- Working with DMO's to help through crisis to help regions rebound when the time comes
- Working with Fed. Authorities to work through deposit and cancellation policies. This is complicated because it involves provincial and territorial regulations
- These are only a sample of the problems we are dealing with.
- Whether you are a member of TIAC or not, we are here for you.
- We also report back to industry daily. We distribute this to members and non-members. We are focused on recover – we need to plan now for what needs to be done so that once distancing measures are relaxed. We have a coordinated approach.
- Other countries around the world are way ahead of Canada on this front
- We are working on a proposal to put to government to address recovery
- We are represented by all sectors of the economy and are working on a plan that addresses all sectors and needs of our industry
- Stay informed through our various communications channels and we want to hear from you.

David Robinson, Destination Canada

Thank you Charlotte. Next we have invited **Martin Soucy, President and CEO of l'Alliance de l'industrie touristique du Québec** – the provincial marketing and industry organization to provide an update from a provincial perspective.

Martin Soucy, Alliance de l'industrie touristique du Quebec

Hello to all and thanks to Destination Canada for allowing us to present our crisis management approach that we have put in place in Quebec.

I want to acknowledge my colleagues all over Canada who are working to support tourism business since Covid-19 has battered our industry.

I will present in French and my slides will be English.

A word on Alliance, provincial and private industry business association which brings together

- 10,000 tourist businesses through the 43 tourism associations. Agent for the Minister of Tourism to promote on markets outside Quebec. Now, I will talk about the marathon we have to run, in this context.
- Crisis Management
- We were the first industry hit and will be the last to come back to our full potential.
- Tourism was a prosperous industry with wind in its sails. IN Quebec, it generated \$16 billion in tourism receipts for the province and 400,000 jobs.
- It is the 5th largest export sector.
- There are 30,000 Tourism Businesses in Quebec.

In an attempt to diversify their economies, tourism has become the main economic vector of several regions.

We were one of the first hit sectors, and we will be one of the last to come back to our full potential.

- We are in a marathon – the social distance and restrictions on movement will have an impact on our industries for 12-24 months
- That's why the support for industry is essential from both levels of government.
- Tourism will lift up the economy to its full potential
- Like other organizations, we made a plan. Last summer, we came up with a preparation and a plan for crisis and even with that, we are in a thick fog. We need to achieve certain milestones for the industry.
- 4 phases of managing the crisis after the isolation period ends:
- The government has managed the confinement phase and now we are looking to recovery.
- Zone of incertitude, estimated length of time between how long they are hit with the crisis, and when they are relying on industry measures for support.
- World will want to get back to living again, and travelling but the world will be profoundly changed and we'll have to manage that based on these new behaviours
- In this marathon, we need a specific plan for Tourism with both levels of government.
- The Tourism will return to a new normal -= not what we knew before the first.
- Finally, we have, like all DMOs in Canada, adjusted the marketing strategy and started planning the following

Three pillars have been set up to with specific mandates and deliverables:

1. Business leaders: direct pulse on businesses since the start of the crisis and also economic and political ties with the CPQ and the FCCQ and the political
2. Associations – much like the Red Cross for the tourism industry. They are there to listen and provide direct support. Strategic and coordinated communication to the media so we have a measured response

3. Marketing unit with associations and investors who met weekly to manage the marketing plans and avoid wasting money!

Support for Businesses

- Certain regions have put into effect support plans for local businesses right away and it has been key.
- For businesses – we created one portal for 43 organizations in Quebec. It gives links to Government resources, links to experts from all industries, bulletins from Alliance and bulletins from Government of QC.
- Monitoring Impacts. We have consolidated our efforts to make information accessible and central for all businesses.
- Leaders Unit – online. Have gathered those leaders and come up with 10 pillars of feedback for government. Stakeholders include Christiane Germain, Air Canada. They have worked hard to give feedback and consult with Minister Joly.

We have given the microphone to entrepreneurs who can inspire other entrepreneurs. How they are surviving and adapting. We have done this through “Parole aux Entrepreneurs”. By doing so we can:

Learn more about their vision of themes and issues such as:

- the challenges they face;
- the solutions they found to deal with the crisis;
- reviving the post-pandemic industry;
- the application of social distancing and increased public health measures;
- the digital shift accelerated by the crisis;
- sustainable tourism;
- local purchasing; and more.

Viral wellness movement “Pour Un Instant”. This allows people who are confined to their homes to come together and features the song “Pour un instant” by Harmonium. The results are impressive. In one week, we have 1 million reach. Slide – Social Media Global Performance

I want to emphasize the collaboration with 2x levels of government – Federal Minister the Honourable Melanie Joly and Provincially with Provincial Tourism Minister, Caroline Proulx.

Challenges and Next Steps

- 60% of the tourism revenue takes place from May-November. This is about the survival of our industry. The measures we put in place will be crucial.
- We will need open markets to generate travellers. Social distance and limits on gatherings will be in place for some time. Our businesses will have to get creative to work within these measures.

Disruption in the business environment for several months

- Local, regional, national and global progressive de-confinement (borders: market limitation)
- Impact on the provenance and potential markets of customers (travel limitation)
- Confidence of travelers and regions in tourism (health security plan)
- Various limitations in the operation of businesses (social distancing and gathering)
- Needs to support companies to promote recovery and support them in adapting customer reception operations
- Levers for anemic autonomous marketing investments (TSH and leverage effects).
- Digital challenges and local purchasing (conversion)

Business Challenges identified by leaders of tourism businesses:

- Significant reduction of potential revenues
- Impossibility to assume fixed expenses
- Loss of Human Resources
- Liquidity Crisis
- Over-indebtedness (the major problem)
- Recommendations

3 priority | 10 key recommendations

1. Support for labor and operating costs
2. Specific Relaunch Measures
3. Suggest a timetable for business recovery

It's important that leadership comes from government and needs to align with the leadership with partners in Tourism. There is an executive committee working directly with the provincial government.

For businesses, 4 big challenges include:

1. Adapting while going through it;
2. Health and Safety;
3. Fast-forwarded numeric accelerations; and
4. The connecting with the local economy.

Four Keys to success for our industry

1. Communications – working with regional and local and nationals
2. Collaboration and Team work
3. Alignment to share approaches and expertise. We don't have enough energy - we are stronger together.
4. Agility and focus.

We started with a sprint to save the industry and realized that it would be a marathon.

“The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.” Quote by William Arthur Ward

Thanks to all our partners and businesses.

David Robinson, Destination Canada

Merci, Martin.

Finally, we'll hear from Beth Potter, President and CEO of the Tourism Industry Association of Ontario.

Beth Potter – TIAO

Good afternoon, and thank you for having me on today's call.

- I am going to share with you what TIAO has been doing during this pandemic to support, help and advocate for Ontario's tourism industry.

Timeline of Events

- COVID-19 has developed dramatically.
- March 9th the first case confirmed in Ontario and by March 16th we are all working from home.
- In a matter of weeks, a state of emergency was declared, the borders were closed, schools closed, large sections of the economy shut down and millions of people were made unemployed.

What's at stake and TIAO's response

- When the pandemic was declared, and the seriousness of the threat posed to the tourism industry and the wider economy became clear, TIAO acted to make it clear to lawmakers the importance of the tourism industry to the economy.
- Via social media infographics (as seen on the slide), email blasts and media appearances, we were able to reinforce the major economic role tourism has on the province's economy. \$36bn in annual receipts, 200,000 businesses, 400,000 jobs and \$5bn in tax receipts.
- Tourism is 4% of Ontario's GDP
- TIAO's response fitted into four distinct categories.
- Communication, Evidence Generation Strategy (EGS), Advocacy and policy response and tool kits.

Communications

- We've regularly provided updates on the latest COVID-19 information and developments. We've had over 40,000 views of our videos.
- Weekly industry calls with members and key stakeholders that have had up to 1,000 people in attendance. Described as a 'lifeline by many' taking part.
- Separate calls with stakeholders in Northern Ontario, DMO's and sector leaders

- We are all directly connecting with our industry.
- Continually updating the all-access dedicated COVID-19 section on our website with the latest news, updates and resources available. Right now, we are tracking what other provinces are putting in place to be ready to open – this gives our members an idea of what they may need to be doing in preparation.
- We've used the media to highlight and reinforce message regarding the challenges the tourism industry is facing including live TV interviews, radio interviews, newspaper articles and podcasts.

Evidence Generation Strategy (EGS)

- At TIAO we recognised that collecting data on the effects of COVID-19 on the 200,000 tourism businesses in the province was a vital component of any response and recovery.
- With the support of the Ministry of Heritage Sport Tourism and Cultural industries, we have designed and published four comprehensive industry and province wide surveys to track the real-time fallout from COVID-19, including closures, lay-offs, and falls in revenue. Our latest top line numbers are 60% of tourism businesses are temporarily closed, 23% have no access to government funded COVID relief. 16% have indicated they may never reopen.
- But as COVID-19 developed the surveys have also highlighted real-time problems with government support. The inadequacy of the initial 10% wage subsidy, the necessity for commercial rent relief and the challenges facing businesses to survive COVID-19. This has guided us in our advocacy efforts.
- The survey data will now also be used to help with the recovery plan.

Tool kits

- On our weekly industry calls we would hear about the complicated nature of how to apply for government support. So, we started to produce tool-kits on helpful guides, briefings and infographics for industry stakeholders to share.
- Our step by step guides on how to apply for CERB, EI and briefing documents on the latest government announcements have been downloaded hundreds of times and shared for free across social media.
- TIAontario.ca
- Liquidity, human resources, access to the border and insurance are all that came out of our advocacy efforts. Working with EDC of Ontario, Ontario business improvements, Ontario Chamber of commerce and CFIB.

Advocacy

- In addition to weekly and sometimes daily meetings with the provincial Minister of Tourism, we also produced an 'industry response' document that called for a series of recommendations to support tourism businesses that included: 80% wage subsidy, commercial rent relief and Northern Ontario property tax relief.

- These policies calling for a stronger response from government have been adopted in the Canada Emergency Commercial Rent Assistance (CECRA), Canada Emergency Wage Subsidy (CEWS) and confirmed property tax relief for Northern Ontario.
- Our ministry has established 15 advisory committees designed to flow information. Ultimately a 5-year recovery program for sport and tourism in the province.
- We are working with the sector associations and the provincial health & safety organization on return to work protocols – looking to build employee and then consumer confidence.
- In an effort to learn from other jurisdictions, I sit on the COVID-19 Task Force for the World Travel & Tourism Council, and was just recently confirmed as a member of the working group that will design new global standard operational and health protocols for the travel and tourism sector as we prepare for a new normal.

Supporting the industry

We know how hard it is for our industry at the moment and with the support of the Ministry of Heritage, Sport, Tourism and Culture Industries we have been able to offer complimentary membership of TIAO. We don't want any tourism business left behind.

- We've had nearly 200 new members join from across the province, businesses of all sizes and it's helping us to build stronger links and a louder voice on behalf of our industry.
- If you are interested, please visit our website or email us at membership@tiaontario.ca
- We are aware that our actions are imperative to repairing our industry. We don't take this responsibility lightly.

Thank you for having me participate today.

Q&A

David Robinson, Destination Canada

Thanks Beth....it's now time for our Q&A session.

We asked you to submit your questions ahead of this webinar. We will address some of them today and we will follow up with additional information, when it becomes available, for questions that we didn't have all the details for.

Please note that we've shortened some of the questions to ensure we can address them all.

Sebastien Dubois

[Sebastien provides translation of David's Q&A session opening remarks above]

Q1: I would like to know what is being done to support tourist attractions for recovery, especially seasonal ones. Many of the initiatives announced by the federal government do not provide the level of support the attractions sector needs. As demand generators for tourism, if they fail, we all fail. Destinations will have nothing to market, hotels will remain empty. Tourist attractions have been lost so far in the discussion.

A: David Robinson, Destination Canada

I would like to highlight a point made in this question. The question states that without attractions and SMEs, the industry will collapse. Destination Canada understands this and we are working with our Department of Innovation Science and Economic Development on providing feedback on program gaps.

As a crown corporation, Destination Canada does not hold direct control over any of the federal relief programs but we are working hard here in Ottawa with our federal partners to ensure your perspectives are heard.

Many tourism businesses should be eligible for some of the Governments' credit measures such as the Business Credit Availability Program and the Canadian Emergency Business Account and wage subsidies that have already been announced. There is also funding through your Regional Development Agency, once the Regional Relief and Recovery Fund becomes available.

I'm heartened to see that these programs are being adjusted as feedback comes in. It also speaks to the work Charlotte is doing.

A: Charlotte Bell, TIAC

Thank you. We know the first priority was to establish measures to provide immediate relief to the largest number. The speed was pretty remarkable. TIAC advocated for each of these measures. But we know there are significant gaps. It has been our focus to work with government on these gaps. There are certain sectors whose needs are not met with these programs. All sectors need to survive in order to have robust recovery. WE are advocating for an extension of the wage subsidy. We are asking government to turn their attention to industries that have been hardest hit. Attractions are key.

A: Beth Potter – re: Local Level

Great question. Attractions are an imperative pillar. At the local level, the regional tourism marketing organizations are working closely with regional attractions. It's great to see the provinces, regions and municipalities working together. We are all working collaboratively to make sure that no one is left behind.

Q2: NB – Question was shortened

Festivals and events are usually planned and organized up to a year in advance. During this planning time considerable effort and finance is contributed to securing entertainment and deposits.

This is all pre-spent finance in order to make the event a success. These events are run with volunteers and contractual labour. Because there is no payroll registration nor T4 summary filed, these organizations do not qualify for government assistance at present.

So my question is what is the government going to do to make sure these festivals and events can continue and able to pay this year's expenses as well as fund next year's venture and thus contribute to the tourism and local economies?

A: David Robinson, Destination Canada

Again – this speaks to tourism’s unique challenges when it comes to these programs.

We are passing along all of the feedback we receive to our department and encourage you to reach out to your RDA.

For festivals in particular, the Government committed to providing \$500 million to cultural, heritage and sport organizations facing significant losses due to COVID-19, on April 17.

The Fund aims to complement the Government’s other COVID-19 support measures for businesses. It will be administered by Canadian Heritage with the support of its partners.

A: Martin Soucy, Alliance Quebec

Speak to Quebec Program

It’s one of the first measures that the Prov Gov in QC put in place – put aid for festivals. Announced on the 10th of April – to help festivals to find relief in the coming months.

A: Beth Potter, TIAO

Speak to specific Ontario program. Our minister of Heritage, Sport Tourism and Industries. The 20 million dollar Celebrate Ontario festival fund will still be floated even if the events are not running this year.

Q3: NB – This Question was shortened

Can the government adjust funding support eligibilities (grants) to be based on experience, management capabilities, detailed business plans, viability, project sustainability, expected outcomes, and accountability?

Our organization does qualify for many of the funding programs which are targeted to specific communities but we still need support.

A: Charlotte Bell, TIAC

The government so far has not created this type of criteria. The wage subsidy is based on impact based on certain periods. The new rent measures are based on straightforward criteria as well. When it comes to loans, there is quite a rigorous process driven by the banks. We are asking GOV for industries that have been hardest hit. We have not advocated for the level of criteria you suggested – please reach out to me directly so I can understand more of your ideas.

Q4: NB – this Question was shortened

We offer high end tours that utilize 12 passenger and 8 passenger vehicles with professionally certified guides. We have purposely kept the size of our vehicles small for a much more personalized experience. I am wondering what discussions have been had, if any, as to what physical distancing could possibly look like in tour vehicles? Are we able to provide private tours with same family members? Are we going to be able to operate at all this season?

A: David Robinson, Destination Canada

I will let my provincial colleagues weigh in here as many of the health and safety regulations coming out of COVID-19 will be provincial. But I do want to assure you that Destination Canada does have an eye on what travel and tourism will look like in the future. We're taking these questions into account in our research and analyses and are raising the issue whenever we can with federal partners.

A: Beth Potter – TIAO

Ontario – We are working very closely with sector associations and provincial health and safety organizations to see what return to work looks like. Health and Safety organization has created a return to work safety checklist.

Boating and mariners have launched return to work protocols and others will follow suit. We will watch other jurisdictions around the world and here in Canada.

A: Martin Soucy, Alliance Quebec

We'll have a similar answer in Quebec. A similar system of protocols was deployed in Quebec. Physical distance, travel with families and sanitary measures are all underway. We are also looking to best practices all over the world to inform how we approach the future.

Q5: Our tour business relies on international clientele. Local people do not support local tour operators to see their own attractions. What kind of recovery plan is in place, if any, for smaller owner operators (who make up a very substantial part of the experiential travel that many enjoy when they come to Canada) who may not be able to operate and/or open this season at all?

A: Dave Robinson, Destination Canada

Destination Canada has developed a three phased recovery plan – recovery, response and resiliency – which you can find on our website.

We expect that the sector will begin its recovery with hyperlocal travel, then move to regional, provincial and international. Destination Canada is working on an extensive domestic campaign with our partners that will encourage Canadians to re-discover their own country – step by step.

A: Charlotte Bell, TIAC

We expect recovery in stages. At this time, Federal government has not turned its attention to recovery. We know that they are looking at recovery very closely carefully. We have established a special industry recovery group and working on a pan-industry recovery program. We are asking these facilities to be 100% government backed and a forgivable portion to cover fixed costs for recovery. I welcome you to reach out for more information.

Wrap up comments

Sebastien Dubois, Destination Canada

[Sebastien provides parting remarks in French – see below for English]

David Robinson, Destination Canada

That's all we have for now – a special thank you to our Board Chair Ben, to Charlotte for participating on behalf of TIAC for a third time and to Beth and Martin for providing your perspectives.

We will continue to keep you up to date throughout this crisis.

We will post the recording and notes from this session in English and French in the coming days.

Destination Canada is planning to have a public webinar the week of May 11th. Please sign up for our newsletter and check the COVID-19 section of our website often for the most up to date information.

We encourage you to visit TIAC's website and sign up for their newsletter and of course your provincial tourism association.

Thank you again to everyone for attending.