ACTA

Association of Canadian Travel Agencies
Association canadienne des agences de voyages

2021 Tourism & Travel Recovery Plan

ACTA's 7-Point Plan for Travel Agency & Travel Agent Support and Recovery

Introduction

Canada's travel agencies were one of the first to feel the impact of the COVID-19 health and financial crisis and with the new government measures of suspended flights, testing protocols, mandatory hotel quarantines, along with the travel advisories in place, meaningful recovery for the entire industry will be a long and painful journey.

To save our industry from devastating and widespread bankruptcies, it is critical that the Canadian government continue to support travel agencies, travel agents and our independent contractors throughout 2021. When the spread of COVID-19 becomes better controlled, we know Canadians **want and need** to travel for business, leisure and family related reasons. Travel agents will play a vital role in this recovery by offering a valuable service to Canadian travellers with their knowledge and professionalism in this ever-changing travel environment. Travel Agents enhance the competitiveness of travel distribution in Canada and our industry is worth investing in as we navigate these incredibly difficult times.

2021: Impact of COVID-19 Health and Financial Crisis on Canadian Travel Agency Businesses

- Revenue declines between March 2020 and December 2020 compared to 2019 were **95%**
- With new the restrictions and clear messaging from the government that now is not the time to travel, revenue declines are now at **100% or greater** with cancellations, refunds and commission recall
- 90% of the 24,000 travel agents in Canada are laid off and /or being paid by CRB or EI programs
- Over 75% of the workforce, and self-employed entrepreneurs (home-based businesses), are women
- Economic loss will be approximately **$3 Billion in annual revenue** to travel agencies in Canada between March 2020 and March 2021 **($30 Billion in sales)** and as long as the "DO NOT TRAVEL" government messaging and travel advisories are in place this staggering loss will get larger throughout 2021
- Over 85% of travel businesses will be unable to stay in business without access to government-supported financing
- 66% will not be able to pay on-going expenses beyond March 31, 2021 without new financing

(*A summary of recommendations on how the Federal Government can support travel agencies through the COVID-19 pandemic are listed at the end of this document on page 15.*)

After almost 12 months of uncertainty and turmoil, the travel industry is collapsing around us. We understand the Canadian government's concern over the new more infectious variants and the goal of protecting the health and welfare of Canadians. With this in mind, the government has implemented new travel restrictions including suspending flights to some destinations, testing on arrival on top of the pre-boarding testing, mandatory hotel quarantines followed by the at home quarantine.

While vaccines are being procured and rolled out over these next critical months, we require immediate and focused discussions with the government to ensure the future safety of Canadians and travelers – and of our travel businesses. We call on the Canadian Government to work with industry stakeholders, including the Association of Canadian Travel Agencies (ACTA), to implement sector-specific **business solvency supports** for the long-term viability of our tourism and travel businesses, including hotels, airports, airlines, travel agencies, and independent travel agents across the country. We need to work together to protect the tourism and travel industry infrastructure and **articulate plans for recovery**, including threshold metrics and timelines to facilitate the return of an industry that is essential to Canadians over the long term and a significant driver of the Canadian economy.

Our industry is filled with passionate, hard-working individuals, and together, we will find a way to persevere, despite the hurdles in front of us.

In the following 7-Point Plan, ACTA has outlined our recommendations under the same three themes as highlighted in the Tourism Industry Association of Canada (TIAC) *2021 Tourism Recovery Plan* (TRP):

- Supporting Business Solvency
- Championing Safety
- Keeping Canada Globally Competitive

Supporting Business Solvency

Priority 1: Extension to the Canada Recovery Benefit (CRB) and Employment Insurance (EI) Benefits

Approximately half of the 24,000 travel agents in Canada are independent travel agent entrepreneurs (self-employed workers) with 75% being women. Since the initial wave of the COVID-19 pandemic and the chaotic conditions travel agents were dealing with to manage consumer files impacted by the travel restrictions throughout the spring and summer 2020, travel agents have had to continue to manage these same files as the travel restrictions evolved through the fall/winter 2020. With the heightened restrictions announced by the government in the New Year, the February 4, 2021 announcement of the extension to the cruise line ban in Canadian waters to February 2022, and the January 29, 2021 announcement that included the suspension of flights to the Caribbean and Mexico until April 30, 2021, travel agents will not be seeing revenue for many months ahead.

Thankfully, the Canada Recovery Benefit (CRB) programs has been a lifeline to our independent travel agents during these challenging times. The program has enabled travel agents to collect some income as border closures, suspended flights, cruise bans, travel restrictions, pre and post-flight testing and 14-day quarantines are still in place and consequently no business for travel agents to book.

The travel industry is unique in how travel agencies and travel agents are compensated. Sometimes, a travel agency or independent travel agent does not receive income from a travel supplier (in the form of commission) until, on average, 45 days *after* the consumer has travelled. With the federal government's support of the statement released by the Canadian Transportation Agency that allowed airlines to extend Future Travel Vouchers (FTV) for approximately 2 years, this means that when it is safe for a consumer to travel again and FTVs are redeemed, it could be a very long time for a travel agency/agent to collect revenue on that booking.

To protect the thousands of Canadian retail travel businesses, employees, and independent contractors, we call on the government of Canada to extend the CRB program that currently is set to expire at the end of March, as the majority of travel agents and independent contractors transitioned from CERB to CRB at the end of September 2020. Travel agents will require this program beyond the current 26-week maximum and will need it continued to September 30, 2021, or until 90 days after travel and border restrictions are eased.

As previously highlighted, 90% of the 24,000 travel agents in Canada are laid off and/or being paid by CRB or EI programs. This is still the case, 11 months into the pandemic. The EI program allows for a minimum of 26 weeks of benefits up to a maximum of 45 weeks, depending on the unemployment rate in a worker's region at the time of filing and their amount of insurable hours accumulated in the qualifying period. With all of the challenges the travel industry has faced, and the long road to recovery, ACTA urges the government to extend the Employment Insurance (EI) Benefits program as well. When borders do open, travel restrictions eased and the government provides reassurances to Canadians that it is safe to return to travel, we will need our professional travel agents to be available to serve the travelling public. With the myriad of information around travelling in a post-pandemic environment, travelers will be relying on a professional travel agent to advise them on the new protocols, and why it is essential the government support travel agent workers for when the government deems it is safe to return to travel.

1. **ACTA recommends** the government extend the CRB program to September 30, 2021 or until **90 days after** travel and border restrictions are eased.

Priority 2: Government Aid for Commission Recall

Travel agencies play an incredibly important role in the Canadian travel industry eco-system. They are located in every province, town and main street in Canada, and since they are very knowledgeable and offer a variety of travel options to consumers, they strongly enhance the overall competition of the Canadian Travel Industry.

Support Canada's Air Sector

While ACTA can speak to the crippling financial impact of the COVID-19 health and economic crisis on travel agencies, travel agents and independent travel agents, in fact ***all*** stakeholders in the travel eco-system have been devastated by the pandemic including airlines, airports, tour operators, cruise lines and hotels. In a November 24, 2020 Press Release, the International Air Transport Association (IATA) reported that airlines are expected to lose $118.5 billion for 2020. On page 8 of TIAC's 2021 *Tourism Recovery Plan*, it explains that Canada is currently an outlier when it comes to direct financial aid to the air sector and is losing market share to global carriers. Without government support, Canada is at a disadvantage, as recovery gets underway in global aviation.

2.1 ACTA recommends the government provide immediate liquidity for the aviation sector by supporting carriers, airports, travel agencies and travel agents, and by providing sufficient funding to government service providers such as NavCan and Canadian Air Transport Security Authority (CATSA) who are also essential to the airline industry network.

ACTA supports the government's commitment to funding for Canada's regional airlines and the ongoing negotiations underway between the federal government and the national carriers on an airline aid package. We are also aware that the mandate of the Minister of Transport, Omar Alghabra, is that the government will "ensure Canadians get refunds for air travel cancelled due to the pandemic." This was also the message from former Minister of Transport Marc Garneau who stated in a November 8 press release that an aid package would be conditioned on airlines offering refunds. While we understand the action taken as the responsible step to compensate passengers, what will happen as an outcome is that travel agencies and travel agents will have their commissions recalled.

Only Industry Subject to Recall of Commissions Earned Prior to the Pandemic

To add to the challenges that some businesses have experienced such as a significant decline in revenue and fixed expenses still in place, travel agencies are unique in that we are subject to a recall of travel supplier commissions. In fact, we are the only industry that has to give back last year's earnings (in the form of commission). Travel agencies, travel agents and independent travel agents are not in a position to absorb additional losses of recalled commissions on mass refunds, upon the losses already realized.

The travel agent's role is to promote and sell travel products and in return they are paid a commission by the airline or other travel suppliers. It was mentioned already that sometimes, a travel agency or travel agent does not receive commission from a travel supplier until, on average, 45 days after the consumer has travelled. This is not always the case where commissions from airlines and some tour operators are paid when the consumer pays for their trip in full. In the case of bookings affected by the COVID-19 crisis, travel agencies have already completed "their work" on these bookings (promoting, selling and ticketing). In many cases, this work was completed in the fall of 2019 right up until mid-March 2020 as consumers book their trips weeks and months in advance of their actual departure date. It is impossible for travel agencies and independent travel agents to pay back these commissions on COVID-19 affected bookings as they have already completed the work, and have used or earmarked these commissions to pay mandatory expenses including wages, rent and other fixed expenses.

Airlines can Remove Funds Directly from a Travel Agency Account

For travel agencies that made a travel booking through the International Air Transport Association's (IATA) billing and settlement plan (BSP)[1], the situation is more challenging as the airlines and their tour operations have direct access to remove funds from a travel agency's bank account. If a travel agency disputes the recall of commissions, they have the potential of losing their ability to book with not only the airline in question, but also any airline in the world in the future.

ACTA estimates that the cost to travel agencies in recalled commission for the period in time that covers COVID-19 related travel bookings, would be **$200 Million**.

The government must recognize the devastating impact mass refunds and the unintended consequence of recall of commissions will have on Canadian travel agencies and independent travel agents.

We therefore urge the government that additional funds are included in any airline or tour operator aid package to cover travel agent recall commissions, and for a Fund to cover past bookings already recalled.

2.2 **ACTA recommends** the government 1) **include additional funds in any airline or tour operator aid package to cover travel agent recall commissions** with the condition that travel agency/agent commissions on airline and tour packages cannot be recalled, and 2) provide travel agencies/agents with a **Fund** to cover past bookings already recalled.

Priority 3: Increase and Extension to the Canada Emergency Wage Subsidy (CEWS)

For most travel agency businesses, wages account for 50-60% of overhead expenses and even higher for smaller businesses. This is why the CEWS program has been a lifeline to travel agencies and why ACTA welcomed the commitment made in the Fall Economic Statement to extend the CEWS program through to June 2021. The increase to 75% for the period beginning December 20, 2020 to March 13, 2021 was also seen as critical and helpful support.

However, with strong government DO NOT TRAVEL messaging and travel advisories in effect until at least April 30, 2021, plus a second wave of COVID-19 with more virulent viruses upon us, the financial situation for travel agencies remains dire. Therefore, ACTA supports the recommendations put forth within TIAC's TRP, as noted on page 8.

The travel industry urgently needs this critical program at the 85% level with no requirement to top-up employee remuneration, similar to the method used under Periods 1-4. With close to zero revenue for almost a year now, most travel businesses no longer have the ability to top up the wage subsidy, and we will need this support through to September 30, 2021 given the enhanced and heightened travel restrictions. Understanding that travel agencies require their travel agents to continue to service their clients especially with the multitude of requests for those with Future Travel Vouchers (FTVs), or processing cancellations, refunds and responding to insurance inquiries, these services are being conducted all in a zero or negative revenue situation. It is impossible for travel agencies to continue to absorb the current 25% wage differential nor even the 15%, unless there is no requirement to top-up employee remuneration.

As we approach a full year of near zero or negative revenue, there is great concern on how the base and top-up subsidy rates will be calculated. One method of calculation is

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[1]The International Air Transport Association's (IATA) Billing and Settlement Plan (BSP) is a system designed to facilitate and simplify the selling, reporting and remitting procedures of funds between IATA Accredited Travel Agencies and BSP Airlines. The BSP is a worldwide system with operations in 180 countries and territories, and serves more than 370 participating airlines. Changes made to the BSP can only be approved by a unanimous vote of participating airlines.

a month-to-month comparison of current to previous year, so for example December 2020 over December 2019. The grave concern is how CEWS will be calculated beyond Period 13 when in March 2020, the bottom fell out from under the travel industry.

If travel agencies have to compare March or April 2021 over March or April 2020, there is no drop in revenue as there was no revenue. Therefore, travel agencies, like most all businesses in the travel, tourism and hospitality industries, would not qualify for the base nor top-up subsidy.

3.1 ACTA recommends that the travel industry require the CEWS program **at 85%** and no requirement to top-up employee remuneration, and extended to September 30, 2021, or until 90 days after travel and border restrictions are eased.

3.2 ACTA recommends that the base and top-up subsidy calculation continue to be based on the year-to-date revenue comparison to 2019.

Priority 4: Amendments to and Extension of the Canada Emergency Rent Subsidy (CERS)

Rent is typically the second highest overhead expense (outside of wages) at close to 10%. With revenue declines over 100%, this fixed expense has added a significant burden to an industry that has been extremely challenged and will be until normal travel patterns resume. In a recent survey conducted by the Coalition of Hardest Hit Businesses to which TIAC, the Hotel Association of Canada (HAC) and ACTA are all Members, 20% of travel sector (travel agency) respondents indicated that they were not current with their mortgage payments and 12% are not current with property tax payments, due to inability to keep up because of a lack of cash flow.

ACTA greatly appreciates that the CERS program was made available directly to tenants, however, travel agencies and travel agents also need access to the maximum 90% subsidy regardless of whether they are located in a jurisdiction mandated to be closed by a public health authority. Considering that travel agencies are still hamstrung by government imposed travel restrictions that are based on Health Canada and Provincial Health authority recommendations, travel agencies and travel agents have been effectively “shuttered” since March, and therefore, must be eligible for the additional 25% top-up of this program. With the heightened and enhanced travel restrictions in place, travel agencies will need this support through to September 30, 2021, or until 90 days after travel and border restrictions are eased.

Under the CECRA program, over 70% of travel agency commercial property owners were not willing to participate and therefore many travel agencies were faced with still paying rent for the months of April to September, or have been unable to pay and are in arrears. For this reason, travel agencies need to have the CERS program available retroactively. For businesses that have multiple locations across Canada, the burden of rent has been unbearable and therefore, we recommend that the overall cap of $300,000 be removed.

4. **ACTA recommends** that **travel agencies access the full 90% rent subsidy extended to September 30, 2021**, or until **90 days** after travel and border restrictions are eased, make it **retroactive** to April 2020, for those that did not benefit under the original CECRA program, and **remove the $300,000 overall cap.**

The Need for Defined Timelines

While it is critical that travel agencies receive the financial supports outlined in Priorities 1 through 4, ACTA urges the government for these programs to be tied to the lifting or easing of travel restrictions. It is impossible for travel agencies to make plans accordingly, including committing to additional loans, without knowing that subsidies and deadlines will be extended.

A **possible scenario** could be: Along with strong testing and contact tracing protocols in place, the government expects vaccinations to be sufficient at the end of September 2021. If all is going well, when "x%" of the vaccinations of the vulnerable groups are completed, the government can give reasonable assurance that the travel advisory will be lifted for travel (November 1st) and should this date change, notice will be provided 30 days in advance." This type of scenario would allow travel agents to work with Canadians on their travel plans, including those with FTVs.

The travel industry understands fully the unpredictability and uncertainty of the COVID-19 virus. However, in order to restore some level of confidence in the travelling public and hope for a decimated industry, we turn to the government for a coordinated approach with our industry to prepare a plan, such as the scenario proposed using science-based metrics, which will work for all stakeholders within the travel industry.

Priority 5: Making the HASCAP Guarantee Facility Work for Travel Agencies

ACTA is pleased that the **Highly Affected Sectors Credit Availability Program (HASCAP)** Guarantee opened February 1, 2021. Understanding that the business owner will need to contact their primary financial institution (FI) to determine appropriateness and/or applicability, ACTA worked with many of the travel agency businesses that previously had not qualified for the BDC and EDC loans, reviewed the HASCAP information available, and identified possible concerns and solutions. It is important to keep in mind that when the Business Credit Availability Program (BCAP) program initially launched, many travel agencies were denied funding and deemed "high risk" simply for being in the travel industry, and despite no program eligibility requirements that specifically excluded the travel industry for such considerations. Consequently, a primary concern of travel agencies, and an overall theme throughout the feedback and recommendations ACTA provided to the Department of Finance Canada *(letter dated February 4, 2021),* is the management of the program by the same Financial Institutions (FIs) that may have already turned these businesses down for BCAP. Travel agencies question whether the FIs will apply unreasonable expectations to secure a loan for the travel and tourism industry based on our unique challenges. The intention of the program, along with clear and defined criteria and requirements must be provided to the FIs and the Borrower, therefore avoiding differences of interpretations, and establishing consistency for all FIs.

Overall, the HASCAP Guarantee (a relief program designed to help hardest-hit businesses), and other support programs such as **the Regional Relief and Recovery Fund (RRRF)** and the **Canada Emergency Business Account (CEBA) loan programs,** must be made available to help as many "hardest hit" businesses as possible. This needs to include home-based, independent travel agent (independent contractors) businesses, who make up a large percentage of small travel agency businesses in Canada.

5.1 ACTA recommends the government make the **HASCAP Guarantee** and other support programs such **as the Regional Relief and Recovery Fund (RRRF)** and the **Canada Emergency Business Account (CEBA) loan programs**, available to help as many "hardest hit" businesses as possible. This needs to include home-based, independent travel agent (independent contractors) businesses.

Eligibility

Based on the criteria for Segment 3 for the HASCAP Guarantee, many travel agency businesses will not qualify. Reasons could be that the business had one "bad" year but prior years were strong. Or, perhaps the owners of the business looks to break even and take salaries out to "zero out" the income. For these or a number of reasons, a business may not meet the minimum debt service coverage ratio requirement of 1.10x (including the HASCAP loan) as of the most recent financial statements prior to March 1, 2020 for loans between $250,001 and $1 Million.

Also, it is important to keep in mind that when the financial statements were completed, most businesses had no reason to have earnings to cover a loan that they did not know they would need due to COVID-19.

As such, ACTA is recommending a change to the adjudication criteria based on the loan amount under the eligibility parameters:

1) Loan value should be based on maximum 20% of revenue (not sales) in financial statements to a maximum of $1 Million, or
2) Base the revenue on "recast earnings" for the purposes of calculating debt service ratio (adding back owner compensation for the interest coverage calculation), or

3) Increase the Segment 2 loan amount of $100,000 to $250,000 loan to $500,000, which would help the majority of travel agencies that would likely not be seeking more than $500,000.

From ACTA's list of 16 recommendations, a **key recommendatio**n is also the **need to have a portion of the HASCAP Guarantee forgivable** similar to what is offered under the Canada Emergency Business Account (CEBA) loan. The CEBA loan offers a forgivable portion if the Borrower repays the loan in full prior to December 31, 2022. When the initial CEBA program was launched, of the $40K loan, 25% or $10K would be forgiven if $30K was repaid by the deadline. The CEBA loan was then increased an additional $20K with half of this amount ($10K) also forgivable if repaid by the deadline. In total, $20K of the $60K loan (33%) is forgivable.

For travel agencies whose revenue is tied to the ability for consumers to travel, with the suspension of travel to certain destinations, extension of cruise bans to 2022, increased travel restrictions, testing pre-boarding and upon arrival, mandatory hotel quarantines and other initiatives, these government imposed measures will further delay any meaningful recovery for the entire tourism and travel industry. Therefore, ACTA strongly urges the government to include a forgivable amount of the HASCAP Guarantee.

ACTA recommends that the forgivable amount be $20K on the first $60K and then 20% between $60K and $1 million. Understanding that the forgivable amount of the CEBA Guarantee was only available if repaid by a specific term, ACTA recommends that the forgivable amount of the HASCAP Guarantee is made available if repaid over the 10-year term including the deferral of principal and/or interest. To this last point, considering the correlation of our industry to the distribution of vaccines, availability of rapid testing and the easing of travel restrictions and quarantines, travel agencies will not be able to make payment of interest or principal for several months after revenue starts to increase above 10%. ACTA recommends that **both interest and principal need to be deferred a minimum of 12 months from travel restrictions being lifted**. To accommodate sector agnostic criteria, then a 24-month deferral from receipt of the loan would be a solution.

5.2 ACTA recommends the government change to the adjudication criteria based on the loan amount under the eligibility parameters, considering the following three options:

1) Loan value should be based on maximum 20% of revenue (not sales) in financial statements to a maximum of $1 Million, or
2) Base the revenue on "recast earnings" for the purposes of calculating debt service ratio (adding back owner compensation for the interest coverage calculation), or
3) Increase the Segment 2 loan amount of $100,000 to $250,000 loan to $500,000, which would help the majority of travel agencies that would likely not be seeking more than $500,000.

5.3 ACTA recommends the government provide for a portion of the HASCAP Guarantee to be forgiven, which is $20K on the first 60K and then 20% between $60K and $1 Million, and that the forgivable amount of the HASCAP Guarantee is made available if repaid over the 10-year term including the deferral of principal and/or interest.

Championing Safety

Priority 6: Rapid Testing, Reducing Quarantines and Vaccine Documentation Options

ACTA shares the views expressed by TIAC in their *Tourism Recovery Plan* of Travel and Tourism being professional industries committed to the health and safety of Canadians and travelers. Airlines, airports, hotels, rail companies, car rental companies, tour operators and travel agencies are doing their part in increasing health and safety protocols in order to protect not only the travelling public, but those that service consumers. The travel industry is acutely aware that this is a priority for travelers, and we have taken the measures necessary to instill confidence for when we are able to return to travel. While the travel industry is doing our part, we need the government to work with the travel industry in the areas of rapid testing, reducing the quarantine measures, and establishing vaccine documentation options in a coordinated approach.

Rapid Testing and Reducing Quarantines

As per TIAC's TRP (page 9), data shows that testing and reduced quarantine is more effective at protecting the Canadian public than a blanket 14-day quarantine. Travel and tourism stakeholders have been calling on the government to work with industry to implement a national testing strategy and use global data to inform a reduction or elimination of quarantine measures. A negative COVID-19 PCR test done within three days of departure into Canada, and then another COVID-19 test upon arrival followed by a 3-night mandatory government approved hotel quarantine, does not change the fact that travellers still have to quarantine for the remainder of the 14-day quarantine after their arrival, even if their second test results are also negative.

Canada's air sector has invested millions of dollars to protect the health and safety of passengers and employees, and to protect public health. The sector has initiated various testing programs, sharing all data and testing protocols. The implementation of the testing requirement must be used as a springboard to a more coordinated approach to mitigate risk and implement science-based policy with respect to quarantine measures. (TIAC, January 2021).

Vaccine Documentation Options

Despite the opinions expressed in the February 4th CBC News Opinion article by author Allan Richarz, *"Mandating 'vaccination passports' for access to service, travel would be a violation of civil liberties*", (Richarz, February 4 2021), the fact remains that many countries have already imposed a vaccine passport-type system that allows travellers access into the country and/or prevents a traveller from having to quarantine upon arrival. Countries including the United Kingdom, Sweden, Denmark, and Greece have announced plans to develop this type of documentation requirement.

Organizations have also openly spoken out that this will be necessary. According to a January 22, 2021 article by Isabel Choat, the United Nations' World Tourism Organization (UNWTO) secretary-general, Zurab Pololikashvili said: *"The rollout of vaccines is a step in the right direction, but the restart of tourism cannot wait. Vaccines must be part of a wider, coordinated approach that includes certificates and passes for safe cross-border travel."* And as an active stakeholder and participate in IATA travel industry meetings, ACTA is aware of the IATA Travel Pass Initiative, a digital platform for passengers that can act as a verification tool for their COVID-19 health status, is also being promoted as a solution. IATA has stated on their website that, *"the main priority is to get people traveling again safely. In the immediate term that means establishing confidence in governments that systematic pre-departure COVID-19 testing can work as a replacement for quarantine requirements. And that will eventually develop into a vaccine program."*

Coordinated Approach

As noted in TIAC's TRP, page 10, the travel and tourism economic recovery will be dependent on safe re-opening of Canada's borders, investments in rapid testing and measures to control importation of the virus. Travel and tourism businesses and the Canadians they employ need to understand what conditions are required before provincial/territorial and international borders can reopen in order to properly plan for their future. It is time to rethink quarantine rules. To embrace innovation and new solutions for testing travellers before or after their journeys. As soon as it is safe and feasible, restrictions on travel must be eased or lifted in a responsible and coordinated manner.

With a coordinated approach, and the establishment of clear criteria to the reopening of borders and the easing of travel restrictions, travel agencies can finally begin to book those long awaited visits between family and friends, important business trips and unused FTVs. As critical as it is for travel agencies to be able to make plans based on the government's timelines for extended financial support, it is also the uncertainty of clear criteria that paralyzes a travel agent from moving forward.

6. **ACTA recommends** the Government work with industry to develop clear criteria for re-opening borders and easing travel restrictions, through rapid testing and implementing a vaccine passport-type documentation to reduce the 14-day quarantine.

Keeping Canada Globally Competitive

Priority 7: Incentivizing Travel

On a positive note, when it comes to looking ahead and looking forward to things to do when restrictions relax, in a January 4, 2021 Leger survey, 62% of Canadians are most looking forward to seeing family and friends followed by 41% wanting to take a vacation.

Appreciating that many Canadians want or need a break from long, cold winters including seniors (such as Canadian Snowbirds) and those seeking to visit family and friends domestically and abroad, **business travel** is also essential to the health of any economy, and in person meetings do matter. ACTA noted in our November 2020 6-Point Plan that, according to the Global Business Travel Association (GBTA), in Canada, business travel is a significant contributor to our economy. It contributes more than $40.1 Billion CAD to our national GDP, and (pre-pandemic) it supports more than 525,000 jobs in Canada.

Canadians will be more comfortable to travel anywhere outside of their province when there is an indication from the Canadian government that it is safe to travel. This was the finding in a June 2020 Leger survey and cited in ACTA's November 2020 6-Point Plan. Understanding that our sector will need help in building consumer confidence, and there will be a need for travelers to rely more heavily on the critical services of professional travel agents to navigate the myriad of COVID-19 information and protocols within Canada and around the world, ACTA recommends government implement a **travel incentive program**, which includes the benefits of booking with a professional Canadian travel agent.

It is important for the government to recognize that by incentivizing travel, boosting consumer confidence in travel, and encouraging the booking of travel through a professional Canadian travel agent, it will support the travel and tourism industry, getting 24,000 travel agents back to work and restarting business for the 14,000 small business travel agencies.

A travel incentive program could offer features including:

- Refundable tax credit for the 2021/2022 tax years
- One claim per family
- 25% tax credit on qualifying expenditures up to a maximum of $5,000 = $1,250 credit
- Booking travel through a Canadian travel agency/agent

The program budget is projected to be **$600 Million**, in line with the Canadian Travel Incentive Program (CTIP) outlined in the Tourism Industry Association of Canada (TIAC) October 2020 5-Point Recovery Plan, with an additional **$2 Million over 2 years** to help the travel industry market the value of booking with a professional Canadian travel agency/agent.

7. **ACTA recommends** government implement a **$600 Million travel incentive program**, with an additional **$2 Million over 2 years** to market the value of booking with a Canadian travel agency/agent.

Summary of Recommendations

Themes	Area of Focus	Recommendations
Supporting Business Solvency	**CRB**	**Extend to September 30, 2021**, or until **90 days after** travel and border restrictions are eased.
	Aid for Aviation Sector and for Protection of Recall Commission	Provide immediate **liquidity for the aviation sector** by supporting carriers, airports, travel agencies and travel agents, and provide sufficient funding to government service providers such as NavCan and Canadian Air Transport Security Authority (CATSA) who are also essential to the airline industry network.
		Include **additional funds in any airline or tour operator aid package to cover travel agent recall of commissions with a condition** that travel agency commissions on airline and tour packages cannot be recalled, and provide travel agencies with **a Fund** to cover past bookings already recalled. The estimate for commission recall is $200 Million.
	CEWS	**85% with no requirement to top-up** employee remuneration,
		Allow the base and top-up subsidy calculation to continue to be based on the year-to-date **revenue comparison to 2019**.
	CERS	**Enable access to the 90% maximum level** with the **25% top-up available to travel agencies** based on government imposed travel restrictions.
		Extend to September 30, 2021, or until 90 days after travel and border restrictions are eased.
		Extend CERS **retroactively to April 2020** for those that did not benefit under the CECRA program.
		Remove the $300,000 overall cap.
	HASCAP	Make the **HASCAP Guarantee** and other support programs such as **the Regional Relief and Recovery Fund (RRRF)** and the **Canada Emergency Business Account (CEBA) loan programs,** available to help as many "hardest hit" businesses as possible. This needs to include home-based, independent travel agent (independent contractors) businesses.
		Change the adjudication criteria based on the loan amount under the eligibility parameters, considering the following three options: 1) Loan value should be **based on maximum 20% of revenue** (not sales) in financial statements to a maximum of $1 Million, or 2) Base the revenue on "recast earnings" for the purposes of calculating debt service rate (adding back owner compensation for the interest coverage calculation), or **Increase the Segment 2 loan amount of $100,000 to $250,000 loan to $500,000**, which would help the majority of travel agencies that would likely not be seeking more than $500,000.
		Provide for a **forgivable portion** of the HASCAP Guarantee, which is $20K on the first 60K and then 20% between $60K and $1 Million.
		Allow the forgivable amount of the HASCAP Guarantee to be repaid **over the 10-year term** including the deferral of principal and/or interest.
Championing Safety	**Rapid Testing, Reducing Quarantines and Vaccine Passports**	**Develop clear criteria** for re-opening borders and easing travel restrictions, through rapid testing and implementing a vaccine passport-type documentation to reduce the 14-day quarantine.
Keeping Canada Globally Competitive	**Unlocking Potential**	Provide an incentive to Canadians to instill consumer confidence to travel again through a **tax credit**
		Provide funds to help the travel industry **market the value of booking with a professional travel agent** over the next two years