

April 30, 2021

Mike Kelloway, MP Cape Breton-Canso
Chair, Atlantic Liberal Caucus
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Kelloway:

On behalf of the Atlantic Canada Caucus of the Tourism Industry Associations of Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island, we are writing in response to the proposed new formula for the CEWS program announced in the 2021 Federal Budget on April 19th.

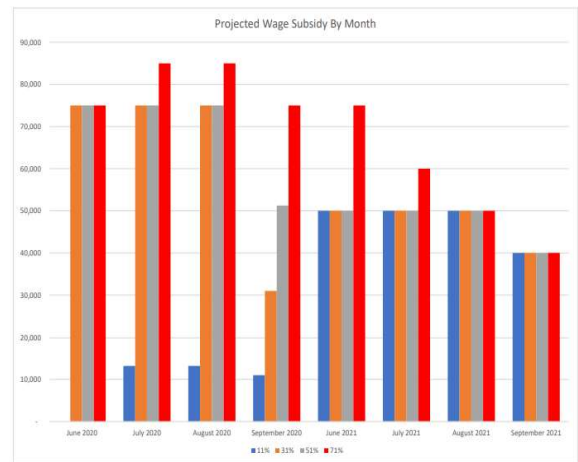
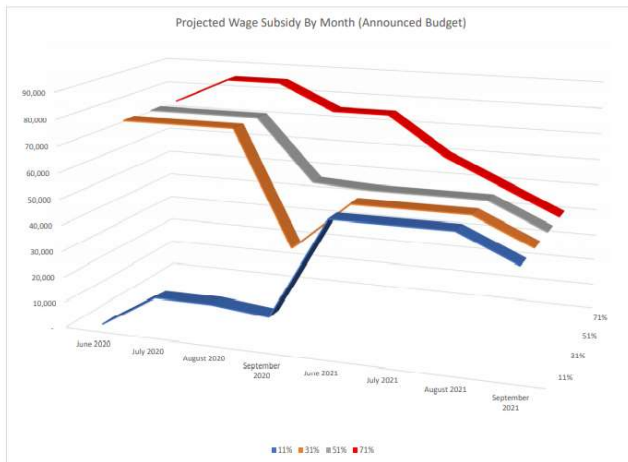
Firstly, we would like to commend the federal government for the extraordinary supports since the COVID-19 pandemic began and to acknowledge that many tourism businesses have survived as a result of the federal programming to date. Over the last number of months, we have met with many of you and made the case for continued investment as the hardest hit economic sector.

Tourism is at the centre of the COVID-19 pandemic and will be at the centre of a full economic recovery. When people's ability to travel is affected for business or leisure and disposable income is impacted, that affects not only tourism but Main Street - as tourism has the highest multiplier effect of any economic sector. For every \$1 spent in tourism another \$3.2 is generated in the community (World Travel & Tourism Council).

So, while we were very encouraged to see the CEWS program extended, we want to raise a major concern with the new formula that includes the re-hiring credit. We understand the need to modify and plan toward reduction of support, however in keeping with the principle of hardest hit, we believe the new program inadvertently impacts those businesses.

We are hopeful that before the Budget becomes enshrined as an Act of Parliament, the Atlantic Caucus of MP's could advocate for adjustments to the program. According to our analysis and input from tourism operators who have reviewed the financial implications, it appears that support for those whose revenue loss was highest will see subsidy support decline dramatically - if losses remain at 2020 levels. The following graph outlines the most likely impact to businesses. (*Prepared for Atlantic Caucus - shown on following page*).

Mr. Mike Kelloway, MP
April 30, 2021
Page 2



Based on the graphs and assumptions of current condition to last year, as you can see those with higher revenue loss will receive less support than in 2020.

We are asking that this formula be adjusted to ensure that support is there for those most affected, as we grapple with the third wave of COVID-19 and assume that access to markets for our region will remain, at best case, only Atlantic Canada.

It is also important to note that as sales increase and recovery takes hold, amounts of the subsidy for individual businesses will naturally decline as designed in the program model. The scheduled reductions are unnecessary until the Fall, when business levels adjust with tourism volumes and borders re-opening.

The Government of Canada has done a great service to Canada’s tourism sector with targeted supports. The efforts to date have kept us solvent and as we near the finish line, we believe an adjustment on the wage subsidy formula, that recognizes the hardest hit, will ensure tourism businesses are there to support the economy for many years to come.

Mr. Mike Kelloway, MP
April 30, 2021
Page 3

We understand time is of the essence and we thank you in advance for championing the interest of thousands of Atlantic Canadian tourism businesses. We will continue to work with Industry and evaluate programs to ensure sector access. We are also keen to see wage support for tourism operators continue through 2021 in some form and will keep on our agenda for future discussions and advocacy priorities as we gage economic recovery.

Thank you in advance for your imminent attention to this important issue, we look forward to your response on our request.

Sincerely,



Darlene Grant Fiander, TIANs
Chair, Atlantic Canada Caucus

On behalf of -

Carol Alderdice, President and CEO - Tourism Industry of New Brunswick
Corryn Clemence, CEO - Tourism Industry of Prince Edward Island
Craig Foley, CEO - Hospitality Newfoundland & Labrador

cc Honourable Chrystia Freeland, Minister of Finance
Honourable Mélanie Joly, Minister of Economic Development
and Official Languages
Atlantic Premiers
Atlantic Tourism Ministers
Members of Parliament, Atlantic Canada
Board of Directors - TIANs, TIANB, TIPEI, HNL

Atlantic Canada generated over \$5Billion in tourism revenue in 2019. The four Atlantic Industry Associations represent thousands of tourism businesses within the five sectors of tourism.