

A black and white photograph of a hand holding a keycard to a door handle. The door is made of wood and has a modern lock system. The background is blurred, showing what appears to be a window or a doorway. The overall tone is professional and focused on access and security.

ORHMA

ONTARIO RESTAURANT
HOTEL & MOTEL ASSOCIATION

SUBMISSION

**PANDEMIC RELIEF
RECOMMENDATIONS**

TO MUNICIPAL, PROVINCIAL & FEDERAL
GOVERNMENTS IN RESPONSE TO COVID-19



INTRODUCTION

The World Health Organization (WHO) has requested countries to take their boldest actions to slow and stop the spread of COVID-19. Canada and Ontario continue to take action in order to ensure public health and safety is top priority. The province calling for widespread shutdowns has greatly impacted hotels, restaurants and tourism attractions.

The world has been forced to confront the reality of a global spread of COVID-19 within a short time frame. ORHMA has been actively monitoring the spread right from the beginning and we have provided safety measures to many organizations and we are committed to continuing to do so. We remain committed to continue providing resources for employers but also for employees and the guests who frequent our establishments. The health and safety of our community of customers, staff , owners and operators is our first priority, so with the guidance of health authorities, local governments and the World Health Organization we will continue to offer support to the hospitality industry.

Based on advice from Ontario's Chief Medical Officer, the provincial government has declared a "State of Emergency" in Ontario and has ordered the immediate closure of bars and restaurants with the exception of those offering take-out or delivery until further notice. No dine-in services are allowed in order to contain the spread of COVID-19. Hotel Room-Service is permitted at this time. This comes at no surprise as businesses began to see cancellations prior to enforcing social distancing policies. The hospitality industry has been experiencing great impacts as conventions, conferences and other events were being cancelled in addition to hotel and dining reservations.

We understand the need for preparation in order to address every possible scenario the people of Ontario may face as COVID-19 continues to spread across the province. Public Health Units can enforce orders to individual establishments under Section 22 of the Health Protection and Promotion Act.

Hotels and Restaurants across Ontario support job growth and a huge supply chain that contributes to the overall economy of the community and the Province. They are facing desperate conditions with most being threatened to close their doors.

How will the hospitality and tourism industry survive this unprecedented global pandemic?

PROVINCIAL GOVERNMENT RECOMMENDATIONS

EMPLOYER HEALTH TAX (EHT)

Increase the EHT threshold to \$1.5 million and lower the EHT rate from the current rate of 1.95%. This would support small business growth. Since 2004 minimum wages have increased by 62 per cent yet the EHT minimum threshold amount has not moved up, forcing small businesses to incur payments to the EHT.

TEMPORARY LAYOFFS

Leniency for employers who receive constructive dismissal claims as a result of a lack of hours during the COVID-19 outbreak. These claims could occur while implementing temporary layoffs or general reduction in hours over an extended period of time. This recommended measure assists employers to continue to employ associates rather than resorting to job elimination.

SMALL BUSINESS DEDUCTION RATE

Drop the small business deduction rate from 3.5 per cent to 2.5 per cent.

ENERGY

Urge the Ontario Energy Board to reconsider their rates during the crisis. Move on-peak pricing to mid-peak or off-peak for businesses permanently. Businesses that stay open will be using almost the same amount of hydro but with significantly less revenue.

BEVERAGE ALCOHOL

Reduce LCBO purchasing for licensees by 10%. This is similar to agency combo stores.

With consumers staying and eating at home allow restaurants to deliver wine, beer and cider along with food. Licensees are already in retail through the amendment of corking an unfinished wine to be taken home.

LABOUR

ORHMA is asking for training allowance of newly hired employee aged 17-28 to encourage business owners to hire target group as a payroll deduction training allowance.





PROVINCIAL GOVERNMENT RECOMMENDATIONS

In effort to offer support to Ontario's Hospitality Industry once this global pandemic has passed in order to recover lost business, ORHMA is recommending the following measures to the provincial government for consideration.

PROMOTION OF TOURISM

ORHMA is asking for an investment of annual funding through Destinations Ontario to be able to undertake dedicated tourism marketing campaigns geared toward identified key target markets.

CONVENTION RECOVERY FUND

This will help recapture lost convention business and would be intended to develop Ontario to its full potential as a destination for major conventions, sustain year-round tourism employment and encourage private sector investment in tourism development.

CONVENTION DEVELOPMENT FUND

The Convention Development Fund will help cover expenses such as selling, marketing and otherwise attracting conventions to the province. Convention cities must meet the Fund's requirement criteria to be eligible for funding. Some of these criteria include having the infrastructure and facilities required to professionally host convention business, agreeing to partner with a local destination marketing organization, having a convention centre and a group of city hotels.

MUNICIPAL GOVERNMENT RECOMMENDATIONS

ORHMA is encouraging Ontario's municipalities to offer support to the hospitality industry through the following measures.

RELIEF FOR TENANTS

Dialogue with landlords to provide relief for tenants. Deferring property tax payments to landlords that delay payments from business tenants would help support establishments financially.

HOSPITALITY EMPLOYEES RELIEF FUND

Introduce a **Hospitality Employees Relief Fund** - a short term economic relief fund to hospitality workers who find themselves unemployed.

DONATION FUNDING

Establish donation funding with eligible income tax receipts.

INFORMATION HOTLINE

Provide a centralized accessible information line for people who need to access the fund. It will also provide employment support. During SARS only 1/3 of displaced unemployed workers were receiving value added unemployment benefits. 1/3 of workers lost their jobs in the immediate aftermath and another 1/3 were working with reduced shifts.



FEDERAL GOVERNMENT RECOMMENDATIONS

Hotel Association of Canada (HAC) has worked diligently to advocate on behalf of the industry at the federal level to drive the following recommendations:

1. Liquidity Support to Enable Hotel Businesses to Survive the Sudden Financial Shortfall

Estimates show a drop in hotel occupancy rates to 20% on average across the country, which is a decrease of approximately 66% from the 62% average occupation rate forecasted for the year. Based on these numbers, the annual estimated total loss is \$14.5 billion and an average monthly loss in revenue of \$1.2 billion.

While the Hotel Industry supports the measures recently announced by the Finance Minister, including the \$10 billion dollar fund for business, we will need access to funds immediately. Accordingly, we recommend:

- Allow an HST payment refund or payment delay to allow hotels to use this cash in hand to survive the short-term crisis. This would be the absolute fastest way to get liquidity into the hands of hotels and provide immediate relief.
- Create a separate liquidity support for the hotel sector.
- Fast track hotel liquidity from the Business Development Bank of Canada and Export Development Canada
- Leverage the \$300 billion in support of the banks to encourage banks stop or defer interest costs for hotel mortgages to preserve operating cash
- Ask cities to defer property tax payments and interest until after the crisis.

2. Business Continuity and Employment Support to Ensure a Stable Return to Operations and Employment at the end of this Crisis

- End Employment Insurance (EI) wait times for employees in the hotel sector who are laid off to preserve business operations. Currently, this only applies to employees who want to self-isolate.
- Ensure that rules around layoffs and employee termination don't lead to legal dismissal challenges so that employees can be rehired without costly and needless legal disputes.

Reduce and streamline Work-Sharing Program waiting times to avoid 30-day delay for workers.



FEDERAL GOVERNMENT RECOMMENDATIONS

3. Recovery Measures to Kick Start Travel in Canada Once the Crisis Ends While this is the least pressing concern today, we are putting suggestions forward to allow advanced thinking around the rapid rebound of the travel economy:

- Travel and hotel incentive vouchers for Canadian domestic travel (similar to Taiwan).
- Tax credits for Canadian hotel accommodations, conventions and meetings post crisis in 2020 tax year.
- Increased funding for Destination Canada to support targeted and amplified marketing efforts.

