

FAQ: Budget 2022 and financial subsidies

ACTA has received some comments from members expressing disappointment about the end of federal financial subsidies for travel agencies, travel agents and independent travel agents (ITA).

ACTA is also disappointed but not surprised as there were many signals coming from government close to the federal budget release that COVID related subsidies were ending.

To help clarify the situation and provide additional context, we have developed the following FAQ.

What did ACTA do during the pandemic to secure subsidies for travel agencies, travel agents and independent travel agents?

- Throughout the COVID-19 pandemic, ACTA advocated for financial subsidies for travel agencies, travel agents and ITAs.
- Financial subsidies for ITAs during the pandemic included the CERB and CRB for 19 months, which ended October 2021. Some ITAs qualified for the Canada Worker Lockdown Benefit and for wage and rent subsidies.
- Further, following intense advocacy by ACTA, supported by travel agencies and ITAs, ACTA secured commission protection with airlines and tour operators as a condition of receiving federal loan support.
- In speaking with WTAAA (World Travel Agency Alliance) colleagues, Canada's federal government was the only country worldwide to support travel agencies and ITAs in this way.
- ACTA further engaged in significant advocacy throughout the pandemic on wage and rent subsidies with the Coalition of Hardest Hit Businesses, resulting in 75% wage and rent subsidies for eligible travel agencies and some ITAs.
- As part of ACTA's advocacy, a proposal for financial subsidies was submitted to the Ministry of Tourism in December 2021: the Independent Travel Agent Relief Program (ITARP). This proposal was endorsed by Canada's major host agencies and grassroots advocacy groups.
- ACTA met with politicians and senior government officials and engaged in comprehensive media and grassroots campaigns advocating for ITA financial subsidies, right up until the federal budget was tabled in the House of Commons on April 7, 2022.

What is the status now of financial subsidies for travel agencies, travel agents and independent travel agents?

- To ACTA's great disappointment, the federal budget terminated **all COVID-19 financial subsidy programs** and closed the door on the potential for ITA financial subsidies, along with any further subsidies for our industry.

They also closed the door to **all other sole proprietor** sector-specific funding requests in various industries.

- Travel agencies and ITAs who registered for payroll in March 2020 can continue accessing the Tourism and Hospitality Recovery Program subsidies until May 7, 2022.
- ACTA has been consistent on two key messages throughout the pandemic in advocating for travel agency and ITA financial subsidies: recovery cannot begin until border restrictions are removed, and that the sector will be among the last to recover based on our delayed revenue structure.
- Today, border restrictions are significantly eased, and bookings have increased. This means the travel sector can start recovering.

What is the significance of the federal budget?

- The federal budget establishes the spending authority for government programs. It is the single-most important day-to-day legal document that guides government policy and legislative priorities.
- For ITA financial subsidies and continued wage and rent subsidies to become a reality, the federal government needs spending authority in the budget. Ultimately, **they chose not to budget** for any financial subsidy programs.
- The budget will pass as-is since the NDP has already committed to support it.
- Therefore, there is no added value in lobbying further for ITA or continued wage and rent financial subsidies at this time. The door has been closed.
- Should there be subsequent variants and borders are further restricted, ACTA will once again assertively advocate for travel agency and ITA subsidies.

Why did the federal government not create new independent travel agent financial subsidies?

- There is a national labour crisis, especially in the travel, tourism and hospitality sectors and the government expressed the view that Canadians need to find a way to make their business sustainable or take jobs in their sector—or in other sectors, where there is great need.
- While we believe the government understands delays in travel agent compensation, airline, hotel, travel agency, and host agency data supports there has been significant recovery in travel demand over the past several weeks, especially in the leisure market.
- Since the government ended CRB in October due to a shortage of workers, there are over one million sole proprietors in various industries including travel who have been without financial subsidies since then. It is important

to note that **independent travel agents have not been singled out** – from ACTA’s perspective, all sole proprietors in hardest-hit businesses had their financial subsidies end far too early.

- Minister Freeland said that government spent over \$200 billion on financial subsidy programs like the CEWS, CERS, and CERB/CRB, and now needs to move to fiscal prudence and is consequentially **ending all financial subsidy programs**.
- On April 13th, ACTA participated in a post budget discussion with the Canadian National Chamber of Commerce and Minister Freeland. Freeland said: *"We did not announce any additional support in the budget, and that was very intentional [...] we know some of you are disappointed in that decision [...] it was very important to pursue a fiscally responsible path and shifting gears from COVID support and saying 'no' to lots of things. That period of COVID emergency spending is over, full stop."*

What's next for our industry?

- Unfortunately, the government has given their **final answer** regarding COVID-related financial subsidies.
- At this time, there is no reasonable prospect of success in pursuing this matter now that the budget is tabled and supported by a majority of MPs, and we do not want to give travel agencies and ITAs false hope.
- In fact, it might be harmful for our industry to continue pushing a “closed issue” to MPs and other government officials at this time.
- It is in our members’ best interest to work on matters critical to recovery, including easing of remaining border restrictions, supplier issues, and building a more resilient travel sector.
- ACTA will also continue advocating for debt relief, including from the CEBA and HASCAP which most ITAs and travel agencies qualified for.