



THE PREMIER'S ADVISORY COUNCIL ON TOURISM



THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR
TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

APRIL 2021

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

EXECUTIVE SUMMARY

On January 15, 2021, Dr. Andrew Furey, Premier of Newfoundland and Labrador, appointed the Premier's Advisory Council on Tourism (PACT). The Council was asked to provide advice to the Government of Newfoundland and Labrador on measures to assist with sustainability, reopening, and recovery in the tourism sector, in the short-term and long term.

The tourism industry holds a vital role in economic diversification, providing employment opportunities, especially in rural areas. This report and recommendations address the short-term actions and initiatives to support the tourism sector during the continuing pandemic restrictions and strategic activities and action that will support the industry as pandemic restrictions begin to lift.

Our recommendations include opening the province to Canadian travellers by July 1, 2021, (we recommend that testing be part of entrance requirements, without quarantine, until all Phase 1 and 2 priority groups in Newfoundland and Labrador are fully vaccinated), with an announcement of this initiative to be made by the first week of May; a staged re-opening including the Atlantic Bubble and a June 1st opening to vaccinated Canadians; continued financial assistance from the provincial and federal governments; support for the airlines, local businesses, as well as marketing initiatives.

While some of these recommendations are intended to be implemented over the medium to longer term, PACT presents the recommendations now, as timely decisions are required to allow immediate progress on implementation. The recommendations are based on the best information available at this time. The second part of the PACT mandate, to provide advice and support to the renewal of the Tourism Vision and Strategy, is being undertaken in collaboration with the Tourism Board and its partners and this will be addressed in a further report.

The Council has proposed a reopening plan that we believe is science-based, safe for the province and clearly demonstrates what it will mean for the traveler, what it means for industry and what it means for the community. There is no way that any of us can do this alone. We need to collaborate with all levels of government, through our associations such as HNL, the Tourism Board, Destination Management Organizations (DMOs), our businesses and as individuals. Collaboration is what we are wired for and how we have survived other challenges throughout history, and it is how we must work towards our path to recovery from this pandemic.

We present these recommendations to the Premier and to the people of Newfoundland and Labrador as part of our mandate. Our recommendations have been reached following the review of a tremendous amount of informed research and data and hundreds of hours of conversations. Throughout this process, there has been an overwhelming and overarching theme - our love of Newfoundland and Labrador and its people. We are committed to contributing to the solutions required that will see our home emerge from this pandemic while demonstrating that our industry is essential to the fabric of this province's culture, arts and economic vibrancy. In keeping with our true spirit, we resolve that we will not only survive but also thrive as we move forward.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

TABLE OF CONTENTS

Executive Summary	Page 1
Background	Page 3
Our Response During COVID-19	
The Impact on the Tourism Industry	
Recovery	Page 6
Economic Recovery of Tourism	
Reopening – A Strong Signal	
Interprovincial Travel	
Vaccinations and Travel	
Air Access Challenge	
The Opportunity	Page 10
Industry Opportunities	
Our Place in the Community	
Ready to Welcome All	Page 12
Safe Reopening	
Open for Business Messaging	
Marketing Today for Tomorrow's Conventions	
Financial Support for Industry	Page 15
Conclusion: Recovery Towards a Bright Future	Page 17
Appendix A: Newfoundland & Labrador Immunization Plan	Page 19
Appendix B: Tourism Jobs by Federal Riding	Page 20
Appendix C: Traveler's Journey Pathway 1	Page 21
Appendix D: Traveler's Journey Pathway 2	Page 22
Appendix E: Financial Support Actionables	Page 23

BACKGROUND

OUR RESPONSE DURING COVID-19

Since early 2020, the world has been battling COVID-19. When the pandemic reached this province, we had no roadmap for what we should do, so we did what comes naturally to us: we took care. We followed the orders and guidance of the Chief Medical Officer of Health to protect one another and especially our most vulnerable. We quickly learned to modify our behaviours to meet these new requirements.

As a province with 19.4% of our total population over the age of 65 (2016 Census) we have a higher than average older population. We recognised our duty to protect these people. We set in place strict public health guidelines for residents, travelers to the province and long-term care facilities.

We are now well into Phase 2 of our NL COVID-19 Immunization plan which sees adults 70 years of age and older; Indigenous communities; staff, residents, and essential visitors at congregate living settings; first responders and people who are required to regularly travel in and out of the province for work being vaccinated. Also, within Phase 2 are frontline essential workers who have direct contact with the public and cannot work from home during Alert Level 5, many of whom would be in the tourism and hospitality sector.

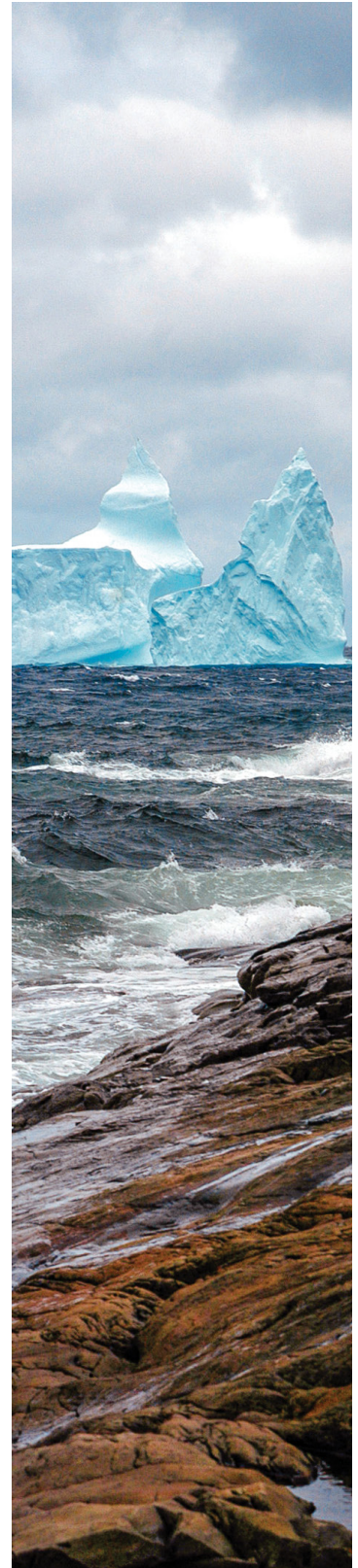
Since the start of the pandemic, Newfoundlanders and Labradorians saw kindness as the bright light that guided us through every day. We organized food drives, we saw restaurants donate meals to those who needed them in the community, we saw artists provide free online art classes, musicians offer concerts online to lift our spirits, and taxi companies provide free delivery of groceries to those who needed it. We also observed so many frontline workers display kindness and grace in their work each day.

Tourism businesses have complied with all public health regulations, with many going above and beyond what was required by implementing rigorous safety measures to ensure the health and safety of their employees, their guests and their communities.

As an industry, we fully understood that public health needs were our first priority and that we needed to take great care to protect those we love and stay safe. We knew our sacrifices were for the greater good and we held the line to do what needed to be done.

THE IMPACT ON THE TOURISM INDUSTRY

One year into the pandemic and the current situation facing the tourism sector is the worst ever seen, more dire than the impact experienced after 9/11, SARS and the 2008 economic crisis combined. (Destination Canada Report, March 8, 2021).



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

The 2020 summer season was a constructive loss for most operators, particularly those businesses structured on the visitor economy and/or larger volumes of travelers. Many did not open. Those who did were able to do so in large part because of various funding initiatives. Those businesses were able to lose a smaller margin than if they were to have remain closed.

This past year, Newfoundland and Labrador saw 10.8% of active tourism businesses depart the market according to a March 8, 2021 report from Destination Canada, second only to Ontario. We employed 6,300 less people in our businesses and without federal programs such as the Canada Employment Wage Subsidy (CEWS), that number would have been much worse. Many businesses in our tourism sector have been operating with little revenue, and in some cases zero revenue since October 2019 (essentially the end of the 2019 summer/fall tourism season).

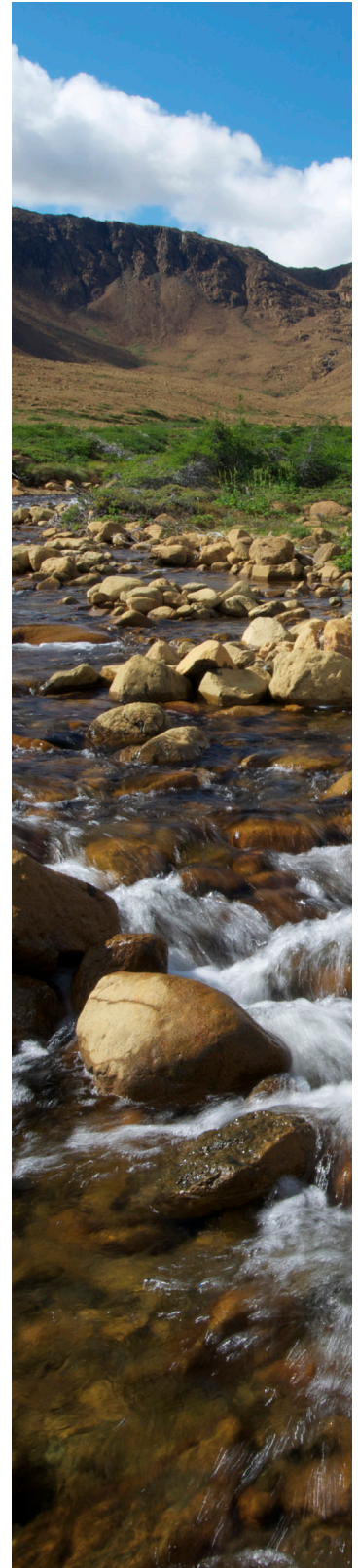
The results of a March 2021 HNL survey of Newfoundland and Labrador tourism businesses indicated that 45% of respondents will not reopen in 2022 if they do not open in 2021.

The impact on our industry was immediate. Prior to the introduction of CEWS in May 2020, we know there were 10,000 active employment insurance claimants from the tourism and hospitality sector due to the pandemic. We suspect this number may be higher as a certain number of applicants of the Canada Emergency Response Benefit (CERB) entered the system through the Canada Revenue Agency in the immediate launch of the program on April 6, 2020. Based on EI reporting data, we know that as of May 2020, over 45% of the employees in our sector were out of work.

As an industry, we are predominantly owned by local operators. It is a widely accepted fact that when you support local businesses your money recirculates in your community, creating a multiplier effect. It is estimated that for every \$100 spent at a local business, \$68 remains local.

In 2020, the promotion of staycations saw more Newfoundlanders and Labradorians travel throughout the province, exploring their own backyard. The "shop local" message was successful, as there is a deep recognition that local ownership, in addition to direct economic benefits for the local community, also have a vested interest in the community. Locally-owned businesses contribute more to local charities and fundraisers than multinationals. Tourism, and in fact locally-owned businesses, provide more stable employment opportunities within the community. As our employment numbers also show we are an extremely labour-intensive industry where the key to our success is a personal touch.

Our residents certainly heeded the message to shop local and supported our tourism businesses, but the reality is that the province does not have a large enough population to sustain our tourism industry. 'Staycation' business in isolation cannot sustain the contribution the tourism industry makes to the provincial economy. Likewise, we did not experience a significant number of visitors from the Atlantic Bubble in the 2020 season, to make a significant contribution to our tourism industry.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

Another season in 2021 with no access to our domestic market will see many of our tourism businesses not opening, with many at risk of never reopening.

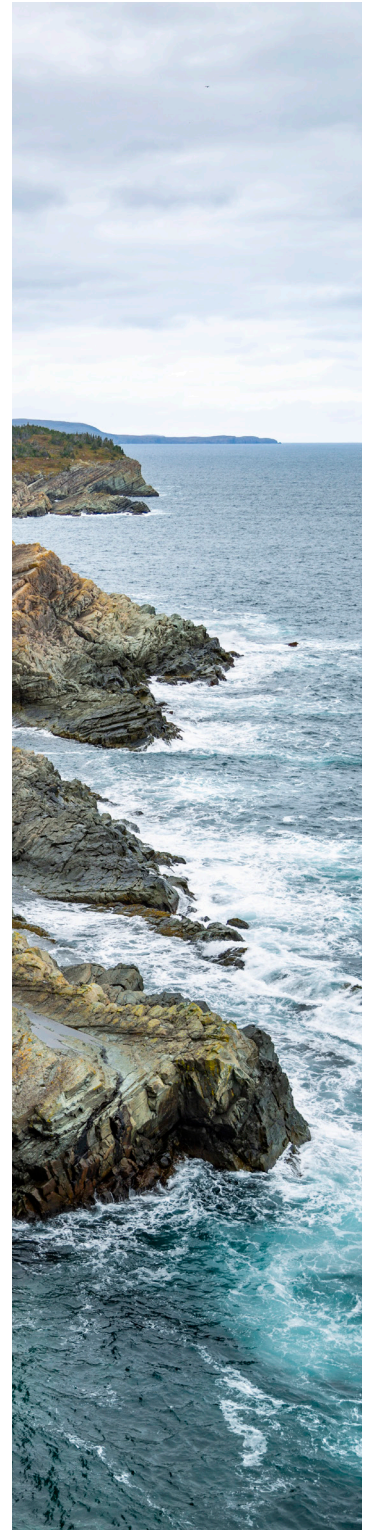
Our tourism businesses have been built on business plans that are reliant on visitors to our province; Destination Canada refers to our industry as the “visitor economy”. In Newfoundland and Labrador, our visitors are primarily the domestic market. Specifically, Canadians accounted for 86% of our visitors in 2016 according to Department of Tourism, Culture, Arts, and Recreation (TCAR) data.

The province's restaurant scene is built on a business model which sees a heavy reliance on visitors to the province. In 2019, according to Tourism HR/Stats Canada we had 11,731 people within our tourism sector employed in the food and beverage sector, accounting for 59% of our 20,016 jobs in the tourism industry. Many restaurants, despite being open with limited capacity during a staycation summer, did not meet the revenues they need to support their operations year-round. Much of the required revenue to make these businesses and organizations viable is provided by our out-of-province visitors, where as much as 70% of their annual revenues are made during the summer and fall travel season. As residents, these are the businesses and experiences that contribute to the things we love about our home.

To stabilize our businesses, recover and grow, we need access to these markets. Without decisive action our industry is on the cusp of experiencing devastation similar to the fishing industry in the 1992 Cod Moratorium.

While different sectors, the similarities faced are alarming. In 1992 the fishing industry employed about 30,000 people from Newfoundland and Labrador, representing about 12 per cent of the province's labour force. In the 10 years following the moratorium, the province's population dropped by a record 10 per cent.

In Newfoundland and Labrador, in 2019, the tourism industry employed an estimated 20,000 people, representing 9% of provincial jobs. We are fearful of a mass exodus from rural communities if many of these tourism businesses can not reopen.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

RECOVERY

ECONOMIC RECOVERY OF TOURISM

"Prior to COVID-19, tourism was one of the fastest growing industries in the world. In Canada, tourism was a growing industry and a leading economic driver. As the country's fifth largest sector, tourism was responsible for \$105 billion in GDP, 1 in 11 Canadian jobs, and 225,000 small- and medium-sized businesses across Canada." (TIAC data)

In our province in 2018, the tourism industry was responsible for \$1.58 billion in annual spending, employing an estimated 20,000 people (9% of provincial jobs) in more than 2,700 tourism-related businesses and organizations.

In comparison to other sectors, tourism has the widest provincial economic reach, with tourism businesses operating throughout urban and rural communities. Appendix B outlines the number of tourism jobs in the seven federal electoral districts in Newfoundland and Labrador. In many municipalities across the province, tourism businesses are a significant tax base and a major source of employment.

REOPENING – A STRONG SIGNAL

The Provincial Government recently announced Newfoundland and Labrador's Phase 2 Priority group vaccine distribution plan and goal to have 380,000 people vaccinated by the end of June 2021. (Appendix A - NL COVID-19 Immunization Timeline released on April 8, 2021). As of April 20th we reached over 131,000 people in our province vaccinated with at least a single dose, representing 28.4% of our population eligible for vaccination. This news presents such hope. We recognize that even as this vaccination plan is executed, public health measures associated with social distancing, mask wearing, frequent handwashing and others will be continuing for some time longer.

With respect to an opening model, the Council has developed pathways to re-opening as the vaccine roll-out occurs throughout the world, Canada and here at home.

Given the current vaccine timelines, we recommend the Province announce its intention to safely welcome our fellow Canadians by July 1, 2021 or earlier if evidence dictates. We recommend that testing be part of entrance requirements (without quarantine) until all Phase 1 and 2 priority groups in Newfoundland and Labrador are fully vaccinated.

According to TCAR data, almost half (48%) of non-resident visitors to Newfoundland and Labrador are age 55 or older, with one in five travelers being age 65 years or older. This is a demographic among priority vaccination groups across Canada. Canadian travellers account for 86% of our non-resident visitors.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

We further request that an announcement regarding a July 1st opening to Canadian travellers be communicated as early as the first week of May, to allow operators to plan their opening and communicate with their clients. This strong signal is critical to ensure ample time for tourism businesses to prepare and customers to book their travel plans. Time is of the essence as airlines have indicated they require an 8-week window to prepare for increased schedules and in some cases, routes being reinstated.

The March 18th announcement of the 'Atlantic Bubble' to resume on April 19th was viewed by many as the first all-important step in preparing our province to welcome visitors. It was an announcement based on the low positivity and prevalence in these provinces but was also in accordance with WHO and ICAO recommendations, 2020. At present, given changing epidemiology in the Atlantic provinces, the exact date for the reopening of the Atlantic Bubble has not been finalized. The delayed announcement has allowed for a continued focus on addressing local outbreaks and a concentration of the roll-out of vaccination programs across the region.

In addition to the reopening of the 'Atlantic Bubble', we recommend a staged approach to further re-opening including a pathway that would include the vaccinated Canadian population (including those with a single vaccine administered) with a negative pre-departure test starting June 1st.

This recommendation is based on the NL COVID-19 Immunization Timeline, that indicates it will be mid-May when the majority of Phase 2 vaccinations (including all vulnerable populations and all eligible Newfoundlanders and Labradorians 55 years of age and older), will have at least a single vaccine administered. We anticipate that this date will be of particular interest to families of Newfoundlanders and Labradorians who live elsewhere in Canada, property owners and those who may have a specific connection to Newfoundland and Labrador.

Using an appropriate level of caution, we are recommending travelers have a pre-departure test 48-72 hours pre-travel during this first pathway. The Pathway 1 reflects: our resident vaccination program; those travelling who have proof of vaccination; testing; the epidemiology at the traveler's point of origin including prevalence and positivity rates; and continued adherence to the current public health measures.

We are fully aware that decisions about our national borders are made at a federal level.

INTRAPROVINCIAL TRAVEL

In recognition of the unique relationship between Labrador West and the Labrador Straits with their neighbors in Quebec and given the low prevalence and positivity rates in these communities, we recommend the allowance of travel for these residents as there is a strong need for travel for business and family purposes.

We recommend a level of access that continues to support these relationships

Recommendations:

Given the current vaccine timelines, we recommend the Province announce its intention to safely welcome our fellow Canadians by July 1, 2021 or earlier if evidence dictates. We recommend that testing be part of entrance requirements (without quarantine) until all Phase 1 and 2 priority groups in Newfoundland and Labrador are fully vaccinated.

We further request that an announcement regarding a July 1st opening to Canadian travelers be communicated as early as the first week in May, to allow operators to plan their opening and communicate with their clients.

In addition to the reopening of the 'Atlantic Bubble', we recommend a staged approach to further re-opening including a pathway that would include the vaccinated Canadian population (including those with a single vaccine administered) with a negative pre-departure test starting June 1st.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

consistent with interprovincial travel throughout Newfoundland and Labrador, including increased capacity on provincial ferry routes.

VACCINATIONS AND TRAVEL

There is mounting evidence that vaccinated people do not spread the virus. "Vaccines that help prevent transmission could help to bring the pandemic under control if they are given to enough people. A vaccine that is highly effective at preventing people from acquiring the infection in the first place would help to reduce transmission". (*Nature*, February 19, 2021)

Studies are also underway around the globe, such as in Israel and Brazil that are working to identify whether "drops in transmission in vaccinated regions also result in reduced transmission in unvaccinated areas. The UK trial of the vaccine produced by the University of Oxford and AstraZeneca swabbed participants every week, and estimated a 49.3% reduction in asymptomatic infections among a subset of vaccinated participants compared to the unvaccinated group. It is possible that vaccines won't stop or significantly lessen the chances of infection. But it might make infected people less able to pass the virus on or make them less infectious and so reduce transmission".

New studies and learnings are presented each day, but there is a significant amount of evidence and it is growing that vaccines reduce the viral load needed to reduce transmission and decrease infectiousness.

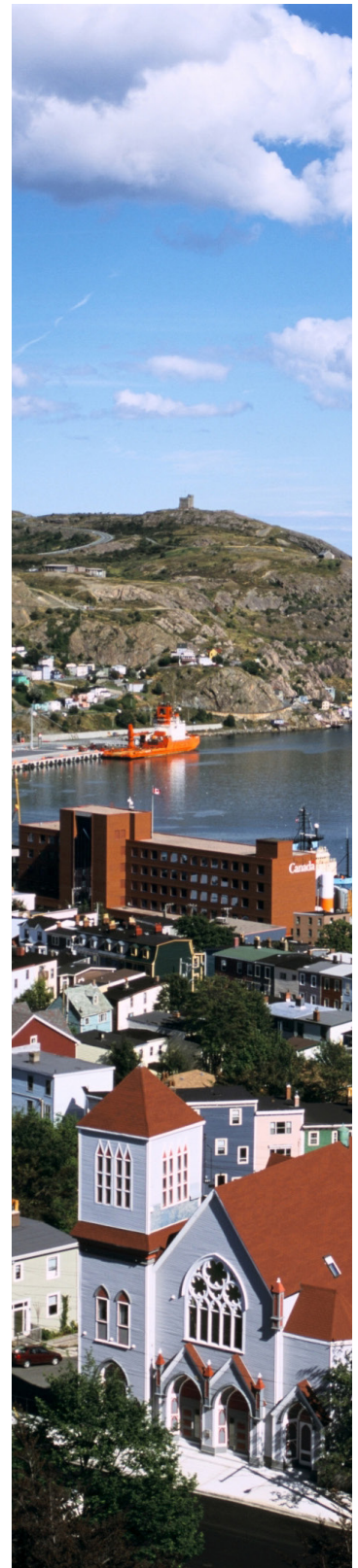
Not only will they have reduced risk of transmitting the virus, our population will also be at a lower risk of contracting the disease as they become increasingly vaccinated. As more people are vaccinated there is growing evidence that those around them who are not vaccinated are also less likely to contract the disease.

We have to find ways to live with COVID-19 and variants while supporting ongoing public health measures such as mask wearing, handwashing and physical distancing. Periodic lockdowns may need to be implemented in a controlled manner specific to the area impacted. Research indicates variants will continue to emerge, however, vaccine developers are now working on booster shots to help the fight against variants.

We cannot stress enough the importance of policies to facilitate safe travel, as all of the work PACT has completed has been focused on facilitating safe travel.

AIR ACCESS CHALLENGE

This pandemic has gone on much longer than predicted and the impact on the air sector is significant. Each airport ecosystem, from community stakeholders to the airlines, are faced with challenges no one could have planned for. Newfoundland and Labrador's ability to rebound from the effects of the pandemic will directly affect the economic recovery of our province and the many sectors that depend on air service.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

PACT acknowledges these priorities have been outlined in the Air Access Action Plan for Newfoundland and Labrador undertaken by HNL. **We endorse their recommendation for the implementation of a substantial multi-year financial support initiative to facilitate air travel necessary to play a pivotal role in rebuilding the Provinces' route network and economy.**

Airports in Newfoundland and Labrador in 2020 alone had a net loss of over \$20 million. The projected net loss for our province's airports in 2021 is an additional \$27 million. Without opening to domestic travel, 2021 will be far worse than 2020. Our province's small airports have nearly exhausted safety capital reserves and larger airports have been borrowing to pay debt for nearly a year. As non-share, not-for-profit, capital corporations, this will have a substantial impact on cash flow and future financial viability of our airports with a devastating trickle-down effect on our respective communities and connectivity. Our airports have remained open to support the movement of essential workers, medical supplies and testing swabs and essential services such as: medevac, policing, military, search and rescue and firefighting, while enduring devastating financial losses.

Our region's connectivity to the rest of Canada is paramount in our provincial economic recovery. The recent agreement between the Government of Canada and Air Canada is a sound first step in the assistance required. Other national air carriers will also negotiate with the federal government and the industry is awaiting decisions through the Regional Air Transportation Initiative (RATI). While the Fall Economic Statement indicated support for regional airports, support has yet to be provided.

In rebuilding our tourism sector, it is vital that we recover many of the air routes we have lost this past year. Without a clear message to the airline carriers or airports that we will be open to domestic travel in 2021, we will see no further movement in rebuilding our air routes. Many carriers indicate a window at a minimum of eight weeks to prepare for reinstating a flight. Time is of the essence as this window is getting smaller to save our summer season.

It will be essential that our provincial government lobby for RATI support which will be required to help our airports stabilize losses to make it to the recovery line. Helping airports reduce operating costs assists in keeping the operating costs down for carriers when the time comes to restart. Our region's airports require liquidity support in the form of non-repayable operating grants in order to offset operating shortfalls and be able to play our role in supporting our region's recovery. Our region's airports have always played a pivotal role in route development, supporting air carriers through incentivizing service, sharing the start-up cost burden and marketing routes. In the pre-pandemic era the province was served by multiple carriers and our airport authorities want to work with our air carrier partners to re-build this network in a way that is in the best interest of our communities.



Recommendations:

Air access is key to our sector's recovery and indeed the recovery of our provincial economy.

A substantial multi-year financial support initiative has been outlined in the Air Access Action Plan for Newfoundland and Labrador and we support their recommendation.

Given the importance of air access, we recommend the Premier's direct involvement in both the short-term and long-term.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

While air access is essential to tourism, this is an overarching issue to all sectors, and indeed to all Newfoundlanders and Labradorians. It is critical to the economic recovery of our province.

Given the importance of air access, we recommend the Premier's direct involvement in both the short-term and long-term.

THE OPPORTUNITY

INDUSTRY OPPORTUNITIES

We recognize and anticipate that due to the nature of the travel industry being in recovery mode, we will see a reduced volume of visitors this season. However, opportunity is there. Airlines are noting that areas without a 14 day quarantine are seeing bookings 50 percent stronger than Atlantic Canada.

Our analysis indicates the greatest demand will be from family and friends who have not been able to come home for over a year. While we will see some visitor travel that is purely leisure, the demand will be lower. Given these factors, our economic forecasting indicates our number of non-resident visitors will be in the low to medium range of our 2019 non-resident visitor numbers.

Despite these lower numbers, we have the potential to contribute over \$200 million to the province's GDP in 2021. We have reached our visitor estimates by reviewing travel projection data from various sources, including Destination Canada, InterVISTAs Consulting Group, and Marine Atlantic 2021 forecasting.

Our industry is based on injecting new money into our economy on every front, without resource depletion. New tourism dollars will have a significant multiplier effect and are far-reaching into so many rural communities throughout our province. It is estimated that for every dollar of resident expenditure in the tourism industry, a non-resident multiplier is \$1.89. In 2019, non-residents expenditures accounted for \$545.4 million.

A February CIBC Capital Markets report noted that "as of November, the level of cash in personal deposit accounts in the banking system was close to \$120 billion above the level seen before the crisis." It went on to note that their CIBC survey found that "the number one destination for excess cash upon re-opening would be travel, with 36% of respondents that earn at least \$100,000 annually suggesting that they would allocate saved funds to taking trips. If travel restrictions could place limitations on international travel for longer than domestic travel, the Canadian economy will reap the benefits of some of that spending."

Even within the current situation, many Canadian provinces, such as British Columbia and Alberta, while not promoting immediate travel, are preparing to welcome domestic travelers as they did last summer. These are target markets that Newfoundland and Labrador has invested in heavily for many years to great success. 2021 will see fierce competition for sale conversions for these crucial Canadian travelers.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

There is a pent-up demand for travel and research indicates that Canadians are more likely to travel within Canada this year. "If Canadians shift two-thirds of their planned spend on international leisure travel towards domestic tourism, it will make up for the estimated \$19 billion shortfall currently facing our visitor economy—and help sustain 150,000 jobs." (*Destination Canada*)

In March 2021, Destination Canada released new research highlighting the critical role that Canadians travelling within the country will have in our economic recovery. While it is recognized that full recovery is forecasted to take years, a significant increase in domestic travel can accelerate recovery by one year.

OUR PLACE IN THE COMMUNITY

Newfoundlanders and Labradorians are known around the globe for their unconditional kindness, empathy and embodiment of hospitality. Our history is peppered with examples of times we often put ourselves in harm's way and would go without to help strangers. This is demonstrated in our tourism industry – tourism is how we show up in the world.

The contribution of the tourism industry to our economy and job creation is undeniable. We cannot underestimate tourism as a community builder. So many experiences that enrich our lives as residents, like performance venues, galleries, museums, and artisan studios, to name a few, are intertwined with our tourism industry. Many of these experiences would not exist without spending by non-residents.

Tourism supports the preservation of our cultures. This sentiment is beautifully described in the Newfoundland and Labrador Indigenous Tourism Association report "as a means to keep traditions safe which are a representation of our ancestors' ways of life, knowledge, attitudes and beliefs. This cultural knowledge holds immense value and must be sustained for future generations." "Our valuable cultural and historical resources will be protected and preserved for the benefit of fostering pride amongst Indigenous peoples today and in future generations. Preserving our cultures and keeping this important knowledge alive will help our youth and the next generation continue to practice Indigenous ways of life. Indigenous tourism can be used as a tool for preserving and sharing Indigenous languages, history, traditions and rituals".

In the 2016 Tourism, Culture, Arts and Recreation (TCAR) Exit Survey, 87% of travellers to Newfoundland and Labrador noted meeting local people who helped create memorable moments among the reasons for their high levels of trip satisfaction.

All of these components contribute to the vibrancy of a community. As part of our immigration strategy it is a basic fact that we need people to move here, but people want to see a vibrant place to live. We need people to imagine what their lives would look like here and see themselves moving here to raise their families and find employment.



Recommendation:

We ask that TCAR explore how we can engage with Newfoundlanders and Labradorians who live in other parts of Canada and indeed the world to become champions/ambassadors to showcase this province as an opportunity to highlight and attract visitors.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

While the tourism industry of Newfoundland and Labrador employs an estimated 20,000 people, this contribution to the economy is often lesser known to the wider community. Other industries with predominantly larger, multi-national corporations are easily identifiable. As an industry, we are 99% small and medium sized businesses (Destination Canada data), so it is hard to pinpoint just who we are as an industry for the public. We cannot risk what our communities would look like without these important jobs and tax base. It is especially important that our communities see the passion that fires our businesses, see the stories behind who each of us are, and recognize we are part of the community, we are your neighbours.

PACT believes a deeper understanding of our role in the economy would be enhanced through a forward-facing campaign to our resident community that 'puts a face to tourism' and celebrates the strength of our industry in the province.

Such a campaign is currently being developed by Hospitality Newfoundland and Labrador (HNL) with funding provided by TCAR. It will highlight industry profiles that demonstrate the contribution these operators, and the industry make to the economy and quality of life in communities throughout Newfoundland and Labrador. It will also showcase some of the ways businesses have modified their operations to operate safely during COVID-19 for their employees, their customers and their community.

Our community of Newfoundlanders and Labradorians extends far beyond our provincial borders. From a seafaring culture, it was often viewed that work would often take our people abroad and to this day we see this mobile worker in the oil & gas industry, mining and other sectors. Many of us remember grandparents' families who would visit from Boston and New York, aunts and uncles who would visit from Ontario and British Columbia and brothers, sisters and sons and daughters who now visit from Alberta, etc. While they live in other places, they still feel part of their heart and home resides in Newfoundland and Labrador.

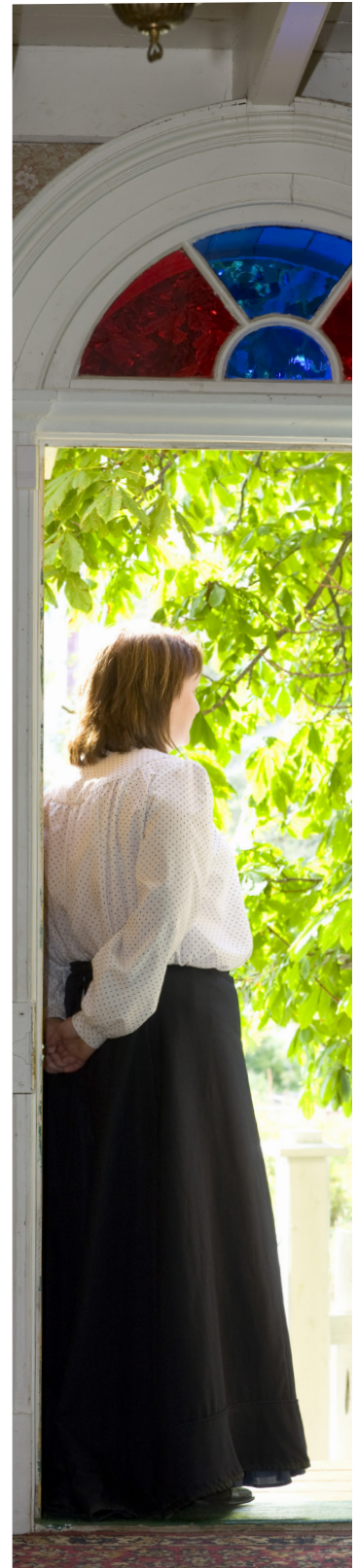
This past year during the pandemic, it has given us pause to reflect on that which resonates strongly with us – home. Similar to what Irish Tourism has done to draw those expats home, we too must re-engage with those Newfoundlanders and Labradorians who now reside in other provinces and countries to re-connect with their ancestors and roots.

We ask that TCAR explore how we can engage with Newfoundlanders and Labradorians who live in other parts of Canada and indeed the world to become champions/ambassadors to showcase this province as an opportunity to highlight and attract visitors.

READY TO WELCOME ALL

SAFE REOPENINGS

As an industry, we are more than ready to meet the needs of our customers and the community. Throughout this past year, many information resources through



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

public health, Workplace NL, HNL, Restaurants Canada and the Provincial Business Response Team provided sector-specific information to address the changing landscape due to COVID-19. HNL's website & weekly updates to members has provided current, factual and accurate information to inform their businesses decisions relating to COVID-19. HNL has also hosted a number of webinars and events for members to learn how programs can support their businesses during the pandemic.

Various programs are available for all sectors of our tourism industry. The Airports Council International (ACI) has developed Airport Health Accreditation of which all Canadian airports can apply and complete an accreditation process. To date St. John's International Airport and Deer Lake Regional Airport have received this health accreditation. Clean It Right is a new training program launched by Hospitality NL. There is a SkillsPass Work Safe Leader COVID-19 Trained program offered by the provincial government and WorkPlace NL. Restaurants Canada, Hotels Association of Canada, the Adventure Travel Trade Association, airlines and car rental agencies have launched bespoke programs to ensure employee, customer and community safety. There are many resources for our industry and our operators are availing of such resources and training to operate in safe and responsible manners.

We recommend that each and every business have a designated safe opening plan for their operations that will be submitted to HNL. In working with the relevant public health authorities, HNL will ensure a framework of public health best practices that should be addressed in each plan.

As part of each plan, all businesses must have an effective mechanism for contact tracing. The plans must also address protocols and mitigation plans if a guest/patron was COVID-19 positive at their establishment. A visible logo could be displayed that shows the COVID-19 preparedness plan has been approved. We also recommend that each business have a process to support effective contact tracing. An example is requiring all staff to have the COVID app downloaded on their personal/work phones.

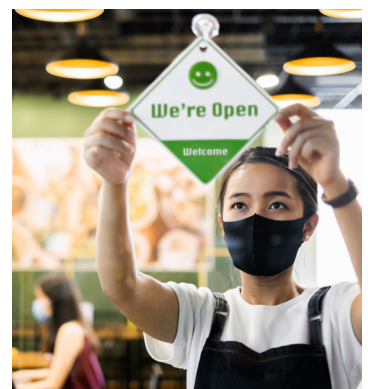
As a result, many operators will have new guidelines on how they operate their businesses to meet health and safety protocols. It is important for consumers to be informed of these changes prior to arrival to the business to maximize their comfort level and confidence in advance of a visit. For example, new entrance and exit protocols, limited indoor seating capacity, new hours, etc. We recommend that TCAR work with HNL to explore how businesses communicate these specific operational changes to customers.

'OPEN FOR BUSINESS' MESSAGING

TCAR's 2021 Marketing Plan outlines the goal "to connect with and inspire our target market to travel to Newfoundland and Labrador (as travel restrictions lift), by providing the relevant key message on the channels they use as they move through their path to purchase". We know the Plan includes both resident and non-resident components and both these markets will be hugely important to our recovery in 2021.

Recommendation:

We recommend that each and every business have a designated safe opening plan for their operations that will be submitted to HNL. In working with the relevant public health authorities, HNL will ensure a framework of public health best practices that should be addressed in each plan.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

We fully anticipate this year to be a low-volume tourism year, and we are particularly well placed to benefit from the domestic market. We understand that a key feature of marketing of tourism this year is marketing from 'the inside out' focusing on local travel and building up to domestic travel. While marketing to both resident and non-residents will be a win-win for our industry, it is important that the marketing messages be consistent and complimentary. We see the forward-facing campaign that celebrates the strength of our industry in the province of having the added advantage of the inferred message of the importance of supporting local businesses.

It is important that we achieve alignment in messaging from industry through to our provincial marketing, so our consumers feel they are receiving consistent messages as they make their travel plans. TCAR has established a Stay Curious campaign for domestic travelers and the roll-out of that through print, television and multimedia is currently ongoing.

As industry, we recommend that TCAR work with the Newfoundland and Labrador Tourism Board, its partners, and HNL to develop shared branding that would provide a common linkage across all advertising.

We recommend that TCAR remain flexible in its marketing approach given the ever changing nature of the pandemic across the country. We support TCAR's national Stay Curious campaign and look forward to Maritime specific marketing opportunities to be implemented in early May 2021.

We are fully aware that typically the Maritimes market accounts for 15% of our annual non-resident vacation visitors. Perhaps in the unusual circumstances of this pandemic year we look to pivot and draw more business from this market.

We would like to consider with the advance notice of this market opening to us in May, perhaps there is an opportunity in the early part of our tourism season, to draw more visitors from this market.

We know there is pent-up travel demand and we know that these customers will be able to travel here without the quarantine requirement when they return home, which is not the case for travel to the rest of Canada. Our further afield location makes us a unique destination with the promotion of tourism assets such as icebergs, National Parks and UNESCO World Heritage sites.

We recommend that opportunities be explored to offer an incentive campaign to residents of the Atlantic Bubble to encourage them to travel to and within Newfoundland and Labrador. Due to the increased travel costs to Atlantic Canadians to travel to Newfoundland and Labrador, an incentive tied to offsetting some of these costs of travel may be viewed favourably to motivate trip planning.

MARKETING TODAY FOR TOMORROW'S CONVENTIONS

As we plan our industry's long-term recovery, we will need to see the rebound of meetings, conventions and incentive travel (MCIT) market. Due to the



Recommendations:

As industry, we recommend that TCAR work with the Newfoundland and Labrador Tourism Board, its partners, and HNL to develop shared branding that would provide a common linkage across all advertising.

We recommend that TCAR remain flexible in its marketing approach given the ever changing nature of the pandemic across the country. We recommend that opportunities be explored to offer an incentive campaign to residents of the Atlantic Bubble to encourage them to travel to and within Newfoundland and Labrador.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

attractiveness of the destination, many conference organizers report highest attendance at conferences held in St. John's, and conference delegates stay an average of 4 nights longer to spend time pre or post conference to explore the rest of the province. In addition to the longer stays of delegates, conferences provide the added advantage of shoulder season opportunities.

The immediate trend is that larger urban centres are now focusing their marketing efforts on national conferences due to the uncertainty associated with international travel. These larger urban centres are now competing for the very conferences that previously Destination St. John's would be marketing to and winning the bids. The province's role in the MCIT market has been led by Destination St. John's.

In regard to meetings and conventions, Destination Canada's March 2021 report outlines that business events are economic catalysts to the vitality of many cities across Canada. We have seen this directly in our province, as Destination St. John's reports the economic impact of approximately 100 conferences per year in 2018 as equating to \$35 million and in 2019 to \$28 million.

Prior to the onset of the global pandemic, Destination St. John's produced an average of 175 bid proposals per year, and as a result of these efforts, St. John's is now in regular rotation among the scheduled annual national conferences. What is evident as a result of the pandemic is that competition is now fierce for these all-important conferences and it will require more concerted marketing efforts with an enhanced MCIT budget.

FINANCIAL SUPPORT FOR INDUSTRY

Undoubtedly, within the context of COVID-19, and particularly with respect to the financial impacts, the tourism and hospitality industry within Newfoundland and Labrador can be singled out as the province's most highly affected sector. The continued uncertainty as to when our borders will reopen to our fellow Canadians continues to hold our 2021 summer in jeopardy, as industry and consumers are awaiting a strong signal that we will reopen our borders.

In the recent HNL survey 61% of businesses and organizations indicated they are in a 'holding pattern' with clients waiting to see what happens with the pandemic when it comes to clients' willingness to book and pay for upcoming travel. Many won't commit until they know if the travel restrictions will be lifted and are waiting on opening dates. A further 21% of respondents indicated that some clients are willing to book but not pay yet due to the uncertainty of if we will be open for domestic travel.

As we come through this pandemic and into a recovery phase for our industry, there are many financial supports that will be vital for our industry. Both federal and provincial government programs will have a significant role to play in this.

We must initiate a recovery namely by opening, otherwise, the financial burden for most will become insurmountable. The job loss from our industry, the potential business bankruptcies, the seasonal staff who would not qualify for employment

Recommendation:

As a result of the pandemic increased competition for these all-important conferences will require more concerted marketing efforts with an enhanced MCIT budget.



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

insurance benefits, the loss of municipal tax bases, the loss of tax revenue to our province and the failure to make debt repayment for lenders are but a few of the negative anticipated outcomes.

While we all work towards recovery, continued industry assistance is needed. In a recent survey of over 2,000 tourism businesses, which was facilitated by the Coalition of Hardest Hit Businesses, 66% of respondents indicated that without access to government supported financing and business support programs, they will be unable to stay in business. It is recommended that extensions of existing business support programs go directly to those that need it the most and support the hardest hit businesses into recovery (TIAC Recovery Plan).

Newfoundland and Labrador will not endure as a destination should only a select few operators survive through 2021. All components including but not limited to; activities, accommodations, transportation, festivals, events, travel and meeting planners, restaurants, etc. must be present in order to attract and serve potential visitors. Vital to our recovery will be various business financial supports, programs and measures necessary to permit the industry to stabilize, recover and grow. We acknowledge that some of the programs and/or measures lie within the jurisdiction of the Government of Canada.

While the recent federal budget did see an extension to key programs and new initiatives such as the Tourism Relief Fund, the duration of extension was limited to September with a possible extension to November, and a defined decline of benefits over that period for the Canada Emergency Wage Subsidy. This small period of extension and declining benefits fail to recognize the continued economic devastation in the industry and the seasonality of many of our operators.

We recommend that the Government of Newfoundland and Labrador implore to their federal counterparts the vital need to see the continuation of these programs such as Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy, Hardest Affected Sectors Credit Availability Program (HASCAP), Regional Air Transportation Initiatives (RATI), Regional Relief Recovery Fund (RRRF), and the Indigenous Tourism Association of Canada COVID-19 Stimulus Fund.

As an industry we will do our part to continue to lobby for the continuation and modification of these programs through the efforts of such groups as Tourism Industry Association of Canada, Hospitality Newfoundland and Labrador, the Indigenous Tourism Association of Canada, Restaurants Canada, and the Hotel Association of Canada.

From a provincial perspective, our primary recommendation is the restructuring of the Tourism Hospitality Support Program (THSP) in Budget 2021 with a suggested investment of \$30 million. We also recommend that further support programs be provided in 2022 due to the impediments of travel throughout 2021.

Given the significant variability in tourism industry operations, it is recommended that new program criteria be implemented that is scalable with funding contingent upon demonstrated reductions in annual sales in 2020 and 2021 compared to the same period in 2019. Applicants must have experienced and be able to



Recommendations:

We recommend that the Government of Newfoundland and Labrador implore to their federal counterparts the vital need to see the continuation of federal programs in support of businesses including tourism operators.

From a provincial perspective, our primary recommendation is the restructuring of the Tourism Hospitality Support Program (THSP) in Budget 2021 with a suggested investment of \$30 million. We also recommend that further support programs be provided in 2022 due to the impediments of travel in 2021.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

demonstrate a reduction in sales to be eligible for support.

The 2021 THSP budgetary request is specific to industry losses incurred during the 2020 calendar year, but mindful of industry entrants, particularly those who service either primarily or entirely the non-resident visitor and was effectively denied market access throughout 2020. Depending on re-opening and required financial supports for 2021, a review of the status of the industry may necessitate an additional investment in the 2022 budget.

We request TCAR, the Department of Industry, Energy, and Technology and the Department of Finance review the 2020 program, and in working with a subcommittee of PACT and HNL recommend adjustments where appropriate. These combined efforts would assist in establishing support parameters and application criteria (i.e. eligibility, minimum level of support, maximum level of support, eligibility & support for new entrants/ startups, application process, etc.)

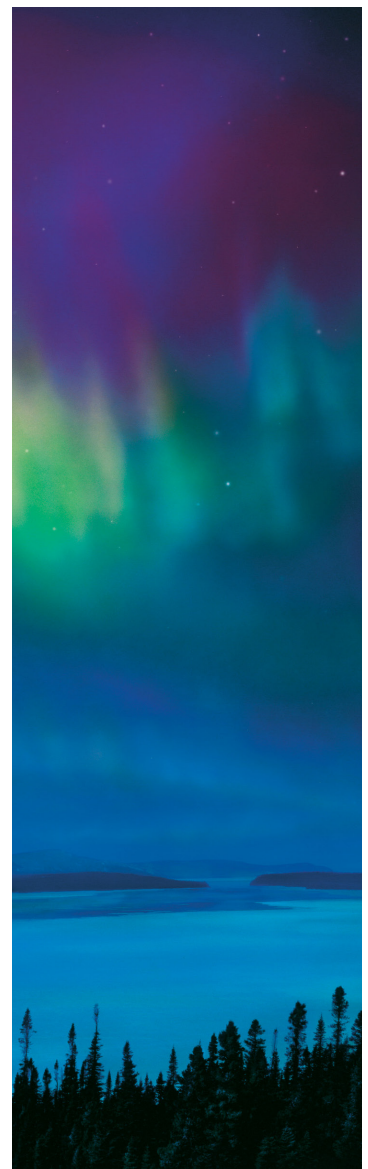
As travel restrictions lift and reluctance to travel wanes, travel and visitation patterns will begin to return to prior levels. This will undoubtedly take a period of time which will vary within jurisdictions, provinces and markets. Within Newfoundland and Labrador, it is expected that 2022 through to 2023 will see a modest period of recovery as markets begin to rebound, air capacity begins to increase, and travel, tourism and hospitality entities begin to recover from the losses of 2020 and 2021. However, continued support of the industry throughout this period is vital if it is to be positioned to grow as markets strengthen.

Continued adoption of conventional borrowing will be unsustainable for many in our industry. Therefore, industry will need additional mechanisms to stimulate investment in the sector if it is to secure a path towards future growth.

CONCLUSION: RECOVERY TOWARDS A BRIGHT FUTURE

It is undeniable that as a sector, tourism has been hardest hit. We have seen many in our industry struggle as they watch their lifetime's work at risk. We have faced the COVID-19 challenges to public health head on and are seeing the hope and optimism that the vaccine distribution plan brings to us all. But there has been a heavy human cost. The lack of income stability faced by so many in our industry and the economic and mental health risks cannot be overstated. Without decisive and direct action, an entire industry and its people are at risk.

We know family and friends are longing for an announcement that will indicate they can reunite with loved ones. We know tourism operators who have seen their life's work in peril who require an announcement to give them the confidence to make investments, rehire staff and plan their business recovery. We know our employees who have suffered stress and anxiety from the uncertainty of their future employment need this information. We know our visitors need the confidence to make their travel decisions and book flights and ferry passage. We know airlines and ferries need this strong signal to plan to re-establish service to meet consumer demand. The visitor does not decide overnight to travel tomorrow. Flights need to be booked now, plans have to be made, and



THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

they cannot do this now with confidence. Each day without an opening date, Canadians are choosing other destinations in Canada that are open to domestic travel for the summer season.

We know we are poised for low volume travel this year, but it will be the vital first step in our road to recovery. We firmly believe we have only scratched the surface of what our industry can bring in economic and societal wealth to our province. Our goal is not simply to return to 2019 visitation numbers but to surpass them. We need to reopen, rebuild and be prepared to take our valuable assets to even greater heights. And vital to our recovery will be various business financial supports, programs and measures necessary to permit the industry to stabilize, recover and grow.

This year will be the first step to emerging from this pandemic as an even stronger tourism industry, poised to make significant contributions to the economic recovery in Newfoundland and Labrador.



APPENDIX A: NEWFOUNDLAND & LABRADOR IMMUNIZATION PLAN

Newfoundland and Labrador COVID-19 Immunization Timeline



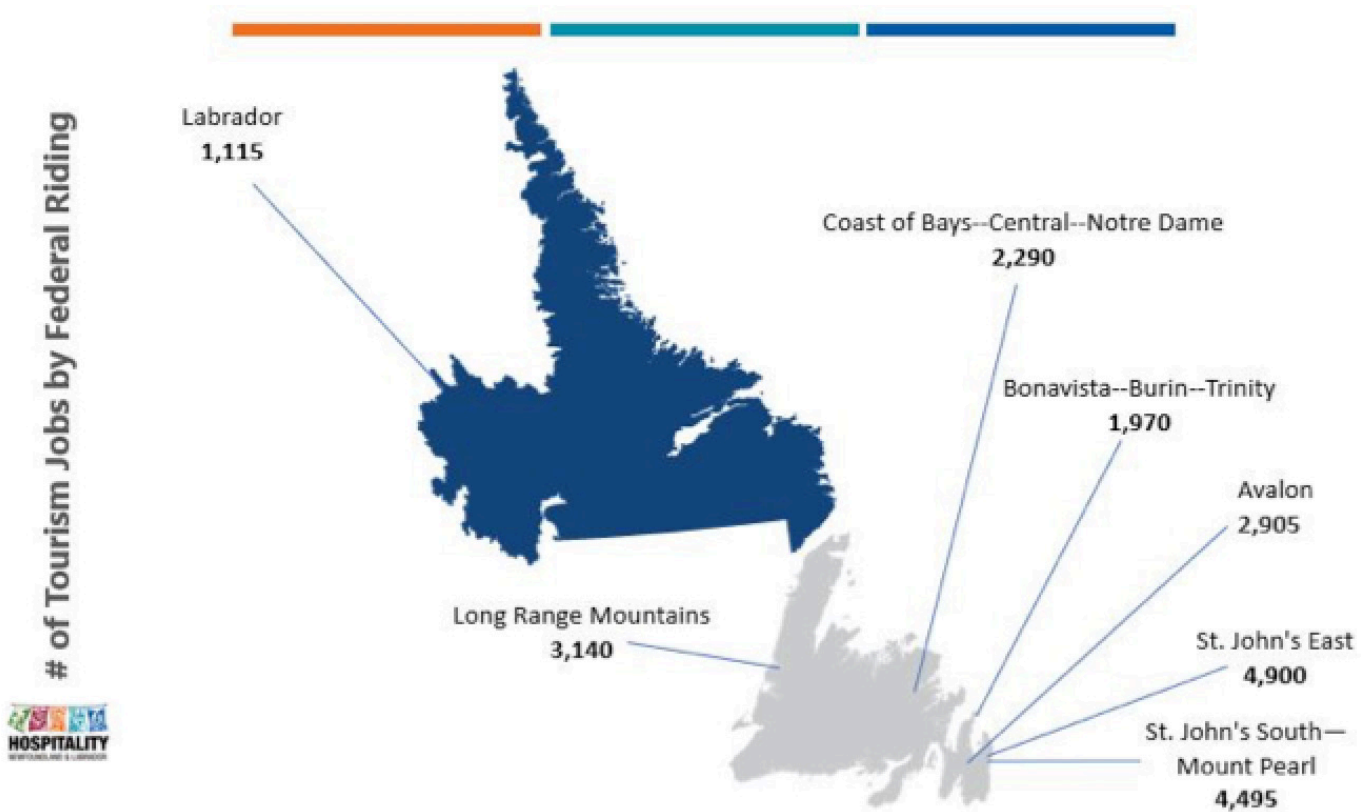
Segment of Population *	March 2021	April 2021	May 2021	June 2021	July 2021	Complete or near complete
80 +	Yellow bar					
70 +	Green bar					
65 +		Pink bar				
55-64		Blue bar				
Indigenous adults		Orange bar				
Remaining health care workers		Purple bar				
First responders and border officials	Orange bar					
Clinically extremely vulnerable		Yellow bar				
Congregate living and marginalized communities		Blue bar				
Rotational workers/truck operators		Green bar				
Essential workers and teachers		Pink bar				
16-54				Orange bar		
Health care workers at high risk of exposure/directly involved in pandemic response						✓
Indigenous adults in remote/isolated communities						✓
Residents and staff in group living facilities for seniors						✓

Vaccine timeline is subject to change based on public health guidance and vaccine supply.

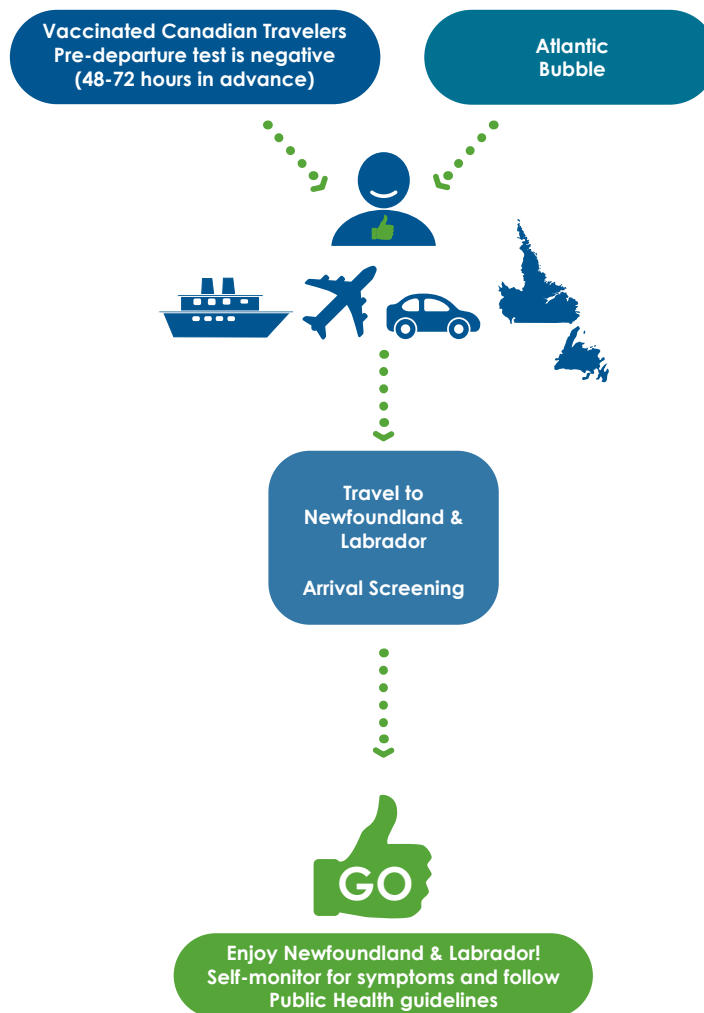
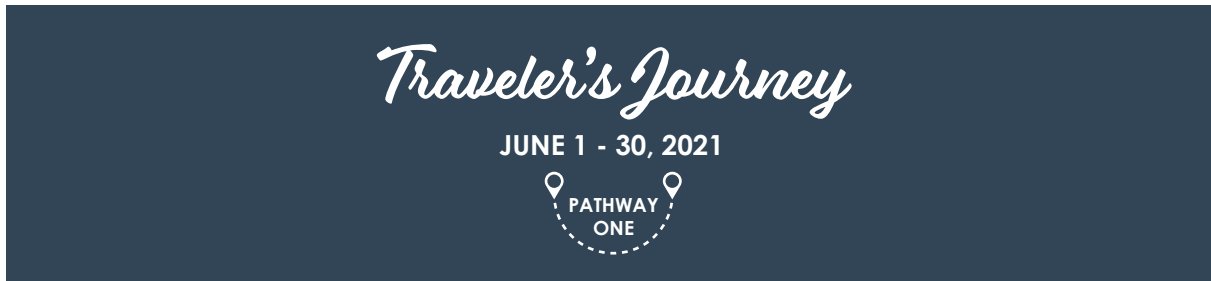
* Visit gov.nl.ca/covid-19 for details



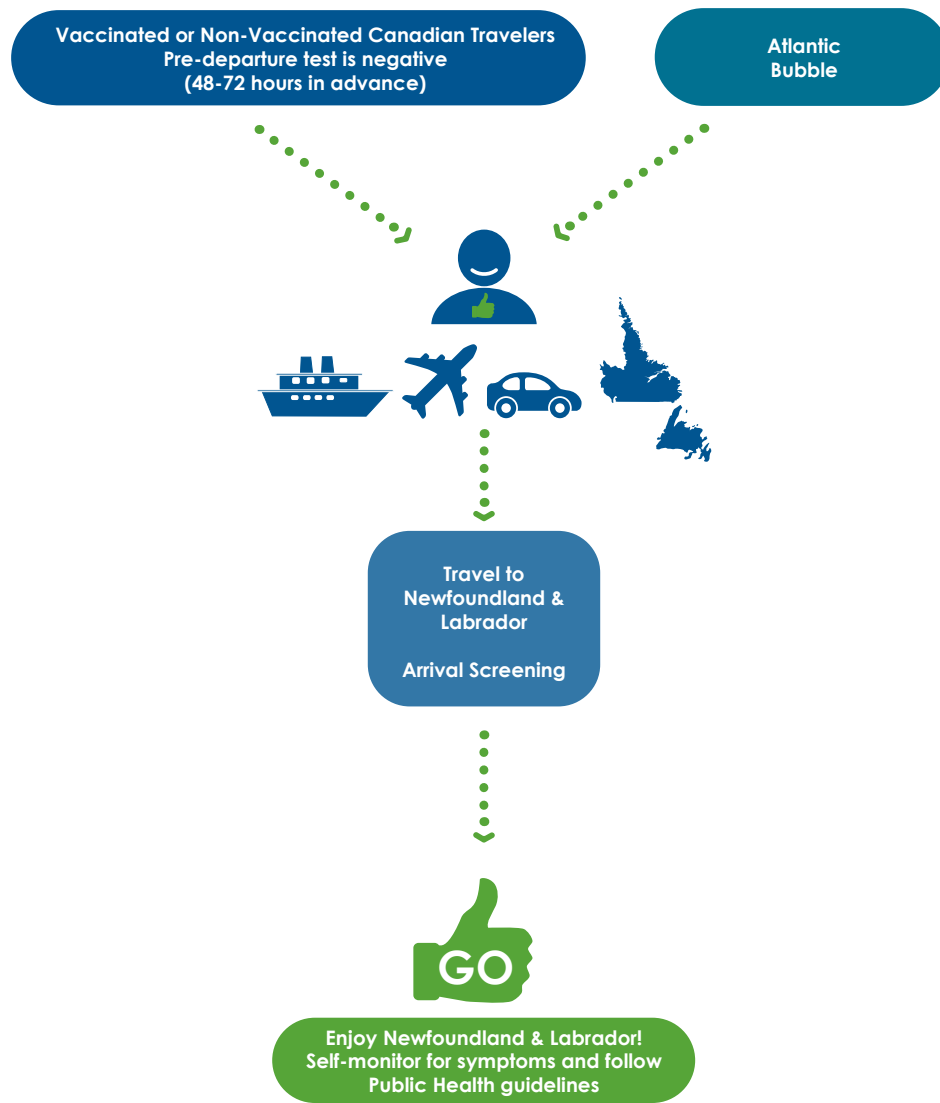
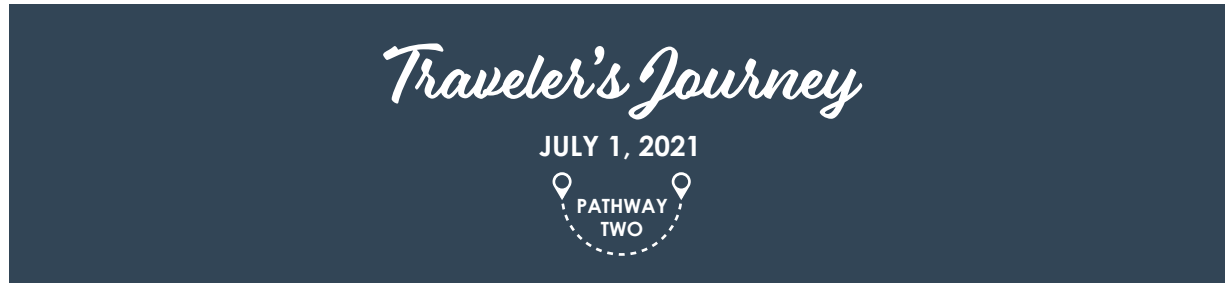
APPENDIX B: TOURISM JOBS BY FEDERAL RIDING



APPENDIX C: TRAVELER'S JOURNEY - PATHWAY 1



APPENDIX D: TRAVELER'S JOURNEY - PATHWAY 2



APPENDIX E: FINANCIAL ACTIONABLES

FINANCIAL SUPPORTS ACTIONABLES



STABILIZE

April 2021 → June 2022



RECOVERY

June 2022 → June 2023/24



GROWTH

June 2023/24 → December 2025+

STABILIZE ACTIONABLES

Canada Emergency Wage Subsidy (CEWS)	<ul style="list-style-type: none"> Commit to extending CEWS through to March 31, 2022. Maintain CEWS at a minimum of 75% of eligible remuneration to a maximum of \$847/week. Amend calculation of revenue loss to provide for seasonality of businesses revenue. Extend to spring 2022 if travel metrics remain depressed by 20% or greater over 2019 period.
Canada Emergency Rent Subsidy	<ul style="list-style-type: none"> Eligible expense to be amended to include mortgage costs. Amend Qualifying Property to include motorized vehicles actively employed and or material to the generation of revenue (i.e. buses, boats, atvs, utvs, etc.) Extend the program until March 31, 2022.
Tourism Hospitality Support Program (THSP)	<ul style="list-style-type: none"> Reinstate THSP with an investment of \$30 million in Budget 2021 and a further investment of \$30 million in Budget 2022. Reallocate unused 2020 THSP funds as of March 31, 2020 to 2021 THSP program. THSP applicant support funding to be contingent and prorated upon demonstrated reductions in annual sales in 2020 and 2021 compared to the same period in 2019. Department of Finance and TCAR to engage with PACT to establish and revise 2021 & 2022 THSP support parameters and application criteria (i.e. eligibility, minimum level of support, maximum level of support, eligibility & support for new entrants / startups, application process, etc.) THSP be administered by Department of Industry, Energy & Technology.
Hardest Affected Sectors Credit Availability Program	<ul style="list-style-type: none"> Reduce the interest rate to 0% (like the ACOA loans) or to a rate not greater than Bank of Canada prime rate for the first 10 years of the term. Extend application deadline to the later of: December 31, 2021, or, a period commencing not less than 6 months after travel metrics have returned to 80% of equivalent period in 2019. Extend the maximum repayment period to 15 years. Integrate a forgivable component to HASCAP funding contingent on delay in industry recovery in the event that both domestic and international travel metrics remain depressed by 20% or greater over 2019 period.

THE PREMIER'S ADVISORY COUNCIL ON TOURISM

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE NEWFOUNDLAND AND LABRADOR TOURISM INDUSTRY AND THE PATHWAY TO RECOVERY

Airport Support	<ul style="list-style-type: none">• Operating subsidies to offset maintenance of essential services until domestic travel begins to recover (percentage of 2019 capacity.)• Fund stimulatory airport infrastructure projects equally with federal government and airport authorities.
Atlantic Canada Opportunities Agency (ACOA)	<ul style="list-style-type: none">• Increase available funding to RRRF.• Provide additional clarity and consistency re: program terms. (Competing entities may currently be funded at different levels under current program.)• Defer repayable contributions start deadline until July 2023 (provided travel metrics are at least 80% of 2019 levels.)• Integrate a forgivable component to ACOA funding contingent on delay in industry recovery in the event that both domestic and international travel metrics remain depressed by 20% or greater over 2019 period. Allow for consolidation of ACOA loans.
Newfoundland Liquor Corporation	<ul style="list-style-type: none">• Abolish liquor licensing fees.• Increase wholesale pricing discount for licensees, by providing a 20% discount for wines, spirits, beer and ready to drink beverages.• Continue direct sale of alcohol to customers by restaurants and other licensed establishments that sell prepared meals for takeout/ curbside pick-up and delivery.• Simplify licensing requirements pertaining to off-site events by licensees.
Indigenous Tourism Association of Canada COVID-19 Stimulus Fund	<ul style="list-style-type: none">• Reinstatement program for 2021 with equivalent budget as 2020.
Department of Wildlife	<ul style="list-style-type: none">• Roll over 2020 Caribou License allocation to 2021.• Decrease in licenses fees for Non-Resident Hunters by 50%.• Move license payments deadline from July to December.



STABILIZE

April 2021 → June 2022