



Canadian Association of Tour Operators

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Presentation to Ontario Standing Committee on Finance and Economic Affairs

Dear Committee Members;

Thank for the opportunity to address this most relevant gathering, especially at this unprecedented point in history.

CATO as an association, represents some 40+ brands operated by our members, and by extension, the tour operator sector of the travel industry in Canada.

Though many of our members are focused on outbound travel, most of them also operate tours within Canada as well as inbound programs to Canada. They offer a broad spectrum of travel experiences to Canadians who are some of the most travel conscious people in the world.

The economic value to Canada and Ontario, brought by tour operators and the travel industry as a whole cannot be overstated.

Unfortunately, the other statement that cannot be overstated, is the devastating economic impact of COVID 19 to tour operators.

- They were the first to be hit, so to speak, with the urgent and immediate need to repatriate hundreds of thousands of stranded Canadians in international destinations. Operators did this willingly and bore most of the costs for this; amounting to untold millions of dollars.
- This was quickly followed by border closings, severe restrictions, and travel advisories that remain in place to this day. These advisories are indefinite, with no indication of when they may be eased. As such our members are not only at a standstill now, but encumbered with so much uncertainty of the future that any recovery will be exacerbated.
- The pandemic and resulting government-imposed travel restrictions have forced tour operators to cancel their tours since mid-March until this point and likely until sometime late summer or fall. Many destinations will be off-line for months to come. This leaves tour operators in a financial crisis.
- Many clients unable to obtain refunds have resorted to “chargebacks” on their credit card purchases, generating a forced withdrawal from the tour operator’s account.

- The Canadian Emergency Commercial Rent Assistance has failed to help some of our members because property owners have chosen not to apply on behalf of their tenants.
- The industry is considered high risk and securing any kind of credit, even through programs such as BCAP (Business Credit Availability Program) is difficult, exhausting and often fruitless. Many tour operators have millions, tens of millions and even hundreds of millions of dollars in hard assets, but currently no cash flow and facing a liquidity crisis that could cripple, if not topple the entire industry soon.
- Restarting business, which is on everyone's mind now, will incur massive costs to adapt to a situation which will mandate distancing, greatly reduced capacity, additional costs in precautions and sanitizing requirements. All with minimal or inadequate revenue to recover all those costs.
- The final straw in this dismal outlook is the fact that, of all industries one can name, the travel industry will be the very last one to recover, as it so depends on the trust and confidence of the consumer that they will be safe if and when they choose to travel.

In addition to all of the above, Ontario registered tour operators, and all registrants for that matter, are and have been burdened with significant contributions into the Ontario Travel Fund for the purpose of protecting the consumer. These regulations and costs are administered by TICO, the Travel industry Council of Ontario. Although contributions have been postponed for now, they have simply been delayed and are waiting for all registrants, tour operators and travel agents, to come up with them later.

We urge the Ontario government to pay special attention to this vital industry which employs over 40.000 Ontarians, and provides a vital link to Ontario, Canada and the world.

Thank you,

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