

October 22, 2021

Hon. Doug Schweitzer
Minister of Jobs, Economy, and Innovation
Government of Alberta
10800 97 Ave
Edmonton, Alberta
T5K 2B6

Dear Minister:

Re: Tourism Levy Abatement September 1, 2021 – March 31, 2022

The Alberta Hotel & Lodging Association (AHLA) and our members appreciated the opportunity to engage directly with you, Premier Kenney, and other members of Cabinet during our virtual town hall on October 8. Further to your request, I am pleased to follow up with additional information about abatement of the 4% Alberta Tourism Levy. The AHLA sincerely appreciates your government's willingness to consider this measure, and **recommends abating the 4% Alberta Tourism Levy for all hotels from September 1, 2021 to March 31, 2022.**

As you heard during the town hall, liquidity remains the greatest concern for Alberta hotels. The rationale for our recommendation includes:

1. The current Public Health State of Emergency is impacting hotels in every region of the province.

Hotels have experienced room cancellations and a significant drop in bookings due to new public health restrictions and a decline in confidence to travel and host business meetings and events in Alberta. The promising recovery in room demand and food and beverage revenues experienced by many hotels in July and August has evaporated as a result of the fourth wave of the pandemic.

2. Revenue Per Available Room (RevPAR) for hotels in all regions of the province is still well below 2019 RevPAR levels and the threshold required for positive cash flow.

Based on data provided by CBRE Hotels in the [Tourism Market Monitor](#) published by your department today, August 2021 YTD RevPAR for all regions of the province, excluding resorts, was \$36.10 vs August 2019 YTD RevPAR of \$72.52. **This equates to a 49.8% revenue loss from 2019 levels.** For resort properties, the comparable figures are Aug 2021 YTD RevPAR of \$103.44 vs August 2019 RevPAR of \$221.64 representing a 46.7% revenue loss. It is important to note that operating costs for resort properties are much higher due to the provision of staff housing.

3. Imposing a revenue loss threshold for the abatement of the Tourism Levy would exclude many businesses that are still in desperate need of liquidity support.

Comparisons of 2021 vs 2019 revenue do not take into account the significant increase in operating costs for hotels since 2019. Property & liability insurance premiums have risen between 30% and 300% and utility costs, including increases to the Federal Carbon Tax, have

dramatically increased since 2019. The rise in these fixed overhead costs, as well as escalating costs for supplies, labour, and pandemic protocols require revenues above 2019 levels for most hotels to be sustainable.

4. Imposing a revenue loss threshold for the Tourism Levy abatement would create winners and losers in the same market.

Hotels that do not meet a revenue test due superior market penetration should not be denied liquidity support just because they may be better managed. We anticipate that many of our 650 member hotels would be very dismayed if this were to occur.

5. Imposing a revenue loss threshold would exclude new hotels that do not have a reference period for pre-pandemic revenue.

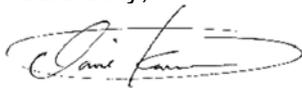
The AHLA is aware of a number of newly built properties that have not been eligible for federal supports because of they do not have a pre-pandemic reference period. With little to no existing customer base, these properties require liquidity support more than ever.

6. Imposing a revenue loss threshold would be costly and will require significant additional administration by government and hotels.

Abating the Tourism Levy for all hotels is a straightforward and targeted liquidity measure that will make **an immediate difference for every hotel in every region of the province, without requiring additional resources to monitor and manage, or the creation of a new and separate application to administer.**

We appreciate the targeted measures that your government has taken to provide vital support to our industry. As the monthly deadline for remittance of the Tourism Levy is fast approaching, we respectfully ask that your government consider the information we have provided, and **approve the abatement of the 4% Alberta Tourism Levy for all hotels from September 1, 2021 to March 31, 2022.**

Yours truly,



Dave Kaiser, CHA
President & CEO

cc. The Honourable Jason Kenney, Premier of Alberta
The Honourable Travis Toews, Minister of Treasury Board and Finance
The Honourable Tyler Shandro, Minister of Labour and Immigration
The Honourable Tanya Fir, Associate Minister of Red Tape Reduction
The Honourable Nate Horner, Associate Minister, Rural Economic Development
Mr. Martin Long, Parliamentary Secretary for Small Business and Tourism
Ms. Linda Southern-Heathcott, Chair, Travel Alberta
Mr. David Goldstein, Chief Executive Officer, Travel Alberta
Ms. Jennifer Jabs, Assistant Deputy Minister, Jobs, Economy and Innovation
Mr. Darren Reeder, Board Advisor, Tourism Industry Association of Alberta
Mr. Ken Kobly, President & CEO, Alberta Chambers of Commerce