

METROPOLITAN ECONOMIC
MOVEMENT

RELAUNCH **MTL**

ENHANCED ACTION PLAN TO STRENGTHEN THE TOURISM SECTOR

Co-developed by



Content partner





Michel Leblanc

President and CEO

- Chamber of Commerce of Metropolitan Montreal

Tourism, the city's economic engine, is one of the industries hardest hit by the crisis. An entire ecosystem is suffering from the closure of borders and the implementation of health restrictions. Restaurants, hotels and cultural venues have had to close their doors or limit their activities. Meanwhile, major cultural and sporting events and business conventions have been cancelled and will have to adjust to a whole new normal when the recovery comes. Downtown shops suffer from the absence of several million tourists a year. Our airports have never been so deserted, with passenger traffic down 98% from May to July 2020 compared to the same period last year.

The community, resilient as it is, is worried and faced with a lot of uncertainties. The city's enviable position as a prime tourist destination could be affected in the long term if the situation persists. Important spin-offs are also missing from the economy. Many jobs have been lost, along with some of the expertise gained over the years.

Relaunch MTL wants to help quickly reverse the trend, by defining courses of action and solutions to allow the industry to recover from the crisis. Ultimately, it hopes to consolidate the city's position as the province's leading tourist destination and North America's leading venue for international conventions.

This action plan addresses this issue in a concerted manner, involving all the key players in the ecosystem under the leadership of Tourisme Montréal.

Substantial resources will need to be allocated for the implementation of this plan in the short and long term. All three levels of government have already committed to supporting the sector's recovery through measures to mitigate the economic consequences of the crisis. In the meantime, all efforts must focus on the survival of the tourism industry. This means maintaining, and even increasing, government support as long as the needs are great. We will also have to quickly roll out initiatives that showcase our expertise and great creativity to strengthen the city's competitiveness as a leisure and business destination. The long-awaited expansion of the Palais des congrès (convention centre) and the development of the link between the city centre and the airport (REM) are two such measures.

The tourism industry is of strategic importance for the city, connecting us to the rest of the world. Let's commit to maintaining its vitality.



Yves Lalumière

President and CEO

- Tourisme Montréal

We never considered or imagined in recent years that a global pandemic could completely suspend the activities of the tourism industry on all continents. The reality is that no economic sector was ready for this. Several months after the arrival of COVID-19 in Quebec, the situation is clearer than ever: Montréal's tourism industry, which is known to be resilient but not immune to the irreversible consequences of an unpredictable and unstable crisis, is at risk of a breakdown that could jeopardize our city's growth. We must avoid this tragic outcome and act now.

Montréal's tourism industry has marked the past decade with sustained and strong growth: barely a year ago, Tourisme Montréal set a record for tourism in 2019, when more than 11 million tourists and visitors took to the streets of our city's districts and generated nearly \$5 billion in economic spin-offs. This achievement is the result of collective efforts over several years of strategic development and improvements made to position our city as an unmatched international destination.

Montréal's tourism industry benefits from an airport that serves more than 150 international destinations, modern hotels with more than 20,000 rooms of all categories, the Palais des congrès, workspaces

and flexible venues at the cutting edge of technology for hosting business events, unique attractions, unparalleled food options, and above all, an enviable reputation as a leisure and business destination, forged by the vision, hard work and passion of all its communities.

This action plan for the recovery of the tourism industry paints a disturbing picture of a vital sector that is going through a terrible and potentially critical disruption. It clearly sets out the need for and great benefits of a prosperous tourism industry—the true economic, cultural and social engine of Montréal and Quebec.

This break is the perfect opportunity to rethink Montréal's positioning as a destination. Let's continue our efforts, hand in hand as always, to promote the resilience, innovation and creativity of the tourism industry and of our city.

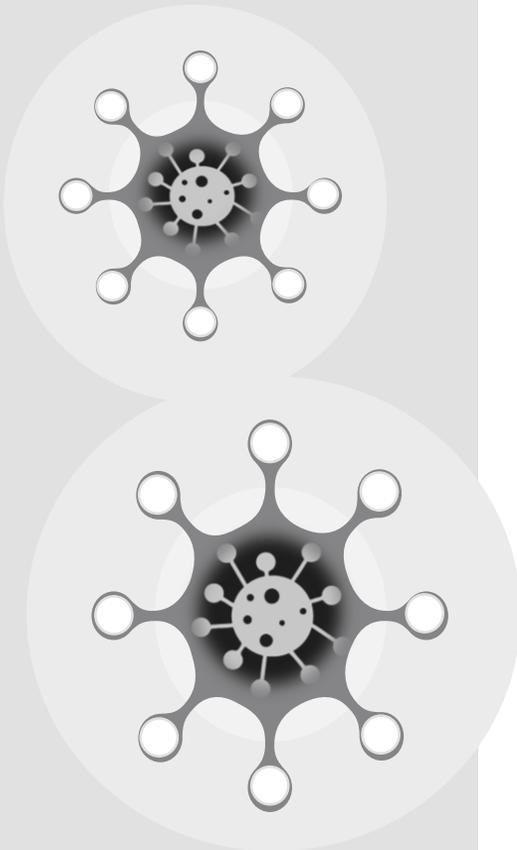
On behalf of Tourisme Montréal, I encourage you to read, adopt and incorporate this plan, if only in the simplest ways, so that it can take root in your businesses, organizations and communities, and Montréal can remain the beloved destination that makes us proud.

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SUMMARY

Tourism, an important economic driver for the city and the industry hardest hit by the pandemic



SUMMARY

STATE OF AFFAIRS BEFORE COVID-19

- Tourism is an important economic driver in the Greater Montréal area and in Quebec. In 2019:
 - Greater Montréal was Quebec's leading tourist region. It received 11.1 million tourists annually (one-third of Quebec's tourists), who spent \$5 billion (half of all spending in Quebec).
 - Tourism in the city created added value of \$3.6 billion in the Quebec economy (i.e. ~40% of the sector's provincial GDP*) and nearly 60,000 jobs.
- It is an international tourist destination (50% of visitors come from outside Quebec) and business destination (leading city in North America for international events);
- An increasingly popular destination, with international passenger traffic at Montréal-Trudeau doubling in seven years;
- An industry organized around four major areas—accommodation and hospitality, tourist attractions, conferences and conventions, and infrastructure and transportation—and successfully managed, marketed and developed under the single umbrella of Tourisme Montréal.
- A sector that has performed very well in recent years (+4% per year in the number of tourists and +12.5% per year in spending), despite certain issues related to seasonality, a concentration of tourists during particular periods and in particular areas, pressure on margins, issues of accessibility and fluidity of travel, and increased competition for business tourism.

MAIN REPERCUSSIONS OF THE CRISIS ON THE SECTOR

- Everywhere, the tourism industry is in shock, heavily impacted by health measures and border closures. In Montréal, the situation is disastrous:
 - A 98% drop in passenger traffic between 2019 and 2020 for the May to July period;
 - A 14% hotel occupancy rate** from May to August 2020 compared to 85% last year (further deteriorating this fall);
 - A 95% decrease in spending*** between 2019 and 2020 for the April to June period;
 - Temporary or even permanent closures of many destination attractions (iconic hotels, food vendors, restaurants, museums, festivals, cultural centres, etc.);
 - A city centre that has lost more than 92% of its traffic.
- Continued restrictions at the borders during the summer and fall did not allow the industry to compensate for some of the losses incurred in the first wave. Today, the city's tourism industry risks breaking down, which could cause Montréal to lose its enviable reputation as a first-rate North American destination.
- The industry is expecting a wave of closures resulting from the financial fragility of establishments, a risk of lost reputation for the city, a loss of competitiveness for business tourism, a decrease in experts who could develop the visitor experience in a context where the pandemic could change tourist behaviour and the way people travel.

Continue and improve support measures to avoid a wave of closures in a key sector of the economic, cultural and social development of Quebec

SUMMARY

AID MEASURES

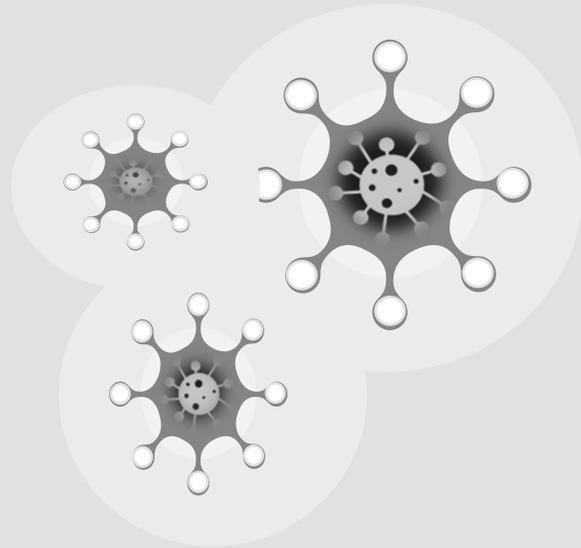
- Governments have proposed several cross-cutting support measures, some of which have benefited the tourism industry. Based on the consultation conducted for this report, the most commonly used are the federal government's emergency wage subsidy and commercial rent assistance, the PACTE guaranteed loan and the provincial government's PACME. In the summer of 2020, the Quebec government deployed a ~\$750 million support plan specific to the tourism industry. However, this plan seems to have benefited Montréal less.
- The industry acknowledges the efforts, but points out that the most commonly used cash-flow assistance measures encourage indebtedness. Moreover, existing programs are still not well adapted to the reality of the accommodation industry. Assistance for commercial property taxes in Montréal (the highest in Canada) must be considered.

RECOGNIZING TOURISM AS AN ECONOMIC, CULTURAL AND SOCIAL ENGINE OF MONTRÉAL AND QUEBEC

- Importance of the spin-offs of the entire leisure and business tourism industry for the economy of Montréal and Quebec.
- Importance of Montréal as a Canadian airport hub and as a gateway to other tourist regions in Quebec and North America.
- Cultural, social and environmental benefits for residents: traffic and revenue from tourism makes it possible to enhance infrastructure, facilities, attractions and services for residents. As a vector of innovation and leadership within the community, it promotes sustainable practices.
- Cross-cutting collaborative governance of all stakeholders involved in the management of the destination, reception and visitor experience at all levels in order to act in a unified and coherent manner to deliver on the quality promise made to residents and tourists.

BUSINESS OPPORTUNITIES

- Beyond the short-term measures needed to ensure the sector's survival and to avoid the breakdown of its services, Montréal must continue to strategically rethink the destination's positioning, particularly through initiatives intended to:
 - Pivot the destination's positioning to highlight the authentic aspects of Montréal—its natural, outdoor and historic attractions—to attract a diverse mix of high-quality visitors;
 - Attract local, regional and national tourists, while preparing for the reopening of borders;
 - Build on the reputation of Montréal's creativity and innovation;
 - Position Montréal as an innovative leader in commercial events.



16 courses of action to mobilize the industry towards the revival of tourism

SUMMARY

COURSES OF ACTION AND RECOMMENDATIONS FOR GREATER MONTRÉAL

Ensure the survival of our tourism industry

1. Ensure a gradual and secure reopening of borders with quick tests on entry to reduce the quarantine period.
2. Develop reciprocity between destinations.
3. Ensure the survival of tourism stakeholders in the city through financial measures (e.g. support for property taxes) and by maintaining rent and worker assistance programs.

Rehabilitate the product and support new initiatives

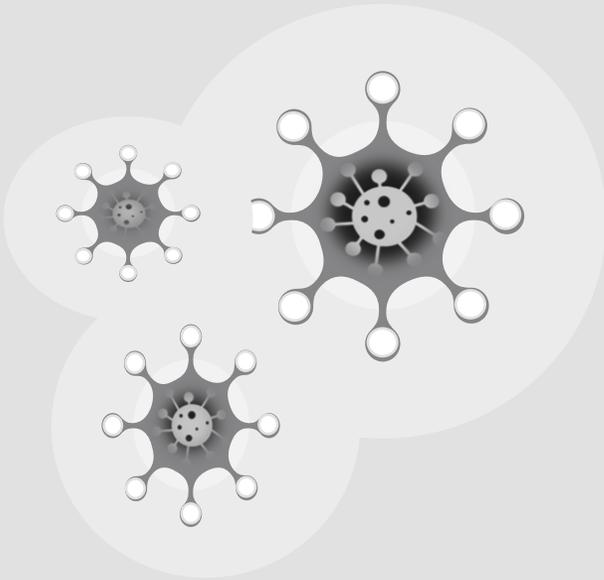
4. Financially support and promote initiatives to stimulate local and national tourism through grant programs, public investments and calls for projects.
5. Address issues of access to the island (entry and exit) and to the downtown core, which hamper the fluidity of travel between attractions in different neighbourhoods, tourist sites and hotels, the airport, the suburbs and other nearby cities and regions.
6. Provide financial support for projects and initiatives that help strengthen the image of Montréal and its downtown core as a “laboratory and showcase of innovation.”

Renew Montréal's positioning and image

7. Focus on local and pan-Canadian tourism.
8. Accelerate the repositioning and diversification of the destination's attractions, and launch an implementation plan.
9. Encourage the development of an exemplary tourism destination whose practices promote sustainable and growth-oriented business practices.
10. Integrate health safety issues into long-term tourism industry protocols to demonstrate Montréal's leadership as a safe destination over the long term.
11. Leverage the strategic use of data (artificial intelligence, business intelligence, etc.) to target campaigns and enhance the visitor experience (with a view to customer centricity) in collaboration with all stakeholders (industry, city and businesses).
12. Favourably position Montréal in international markets as one of the first destinations in North America to rebound in its priority markets.

Strengthen the competitiveness of the business destination

13. Support initiatives to increase Montréal's competitiveness as an innovative international leader in business events, and put this expertise to work for the benefit of Montréal businesses.
14. Accelerate the transformation of the business model and the integration of digital technology into conferences, trade shows and other commercial events to respond to new post-COVID consumption habits.
15. Increase the synergies and networking between the industry, business, research and knowledge communities and their ability to network externally.
16. Maintain Montréal's position as a premier destination in North America.



Highlights from the priorities identified at the Strategic Forum on Tourism (1/2)

On November 27, 2020, the Strategic Forum on Tourism, organized by the Chamber of Commerce of Metropolitan Montreal and its partners, highlighted the issues facing businesses in this sector. Bringing together almost 600 participants, the Forum was an opportunity to discuss the main points of the action plan and reflect on the sector's post-COVID future.

The event also included an interactive working session aimed at prioritizing issues and avenues for action. The main findings are as follows:

- 1) **Pre-COVID challenges:** The respondents clearly stated that the **accessibility and fluid mobility** were the greatest pre-COVID challenges, followed by the **significant seasonality of the sector**.
- 2) **The long-term impacts of the current crisis:** A large majority of the respondents stated that the **inevitable closure of businesses, leading to the loss of attractions and talent**, is the most concerning effect of the crisis for the sector, followed by **decreased vitality in the downtown area**.
- 3) **The sector's courses of action:** Outside of funding, the respondents would like the sector to prioritize projects that capitalize on 1) **proximity tourism and pan-Canadian tourism**, 2) **demonstrating Montréal's leadership as a safe destination in the long term with respect to health risks**, and 3) **accelerating the transformation of the business model and the integration of digital technology** in business event offerings.
- 4) **Government courses of action:** We invited Forum participants to consider the situation from the perspective of governments in order to prioritize government action in the sector. The three prioritized courses of action are as follows: 1) **Provide financial support** to tourism stakeholders, 2) **progressively and safely reopen borders**, and 3) **support Montréal's competitiveness as an innovative international leader** in terms of business events.

Highlights from the priorities identified at the Strategic Forum on Tourism (2/2)

5) Other feedback: Over the course of the Forum, the panelists stressed the importance of **acting now** to strengthen Montréal's tourism sector. As the current situation is very worrying, **some major stakeholders in the sector (and several SMEs that support them) may have difficulty making it through the winter** without sufficient support measures. According to the panelists, the industry is already making great efforts to innovate and implement health measures, but additional **government support measures** are needed to revitalize the sector.

Finally, participants had the chance to share other ideas in an open-ended question session, leading to the definition of additional avenues for recovery actions.

They include the following industry actions:

- *“Stimulate the development of a few innovative ideas to help local tourism businesses promote themselves across the country and internationally.”*
- *“Focus on sustainable development and Montréal's reputation as a leader in this area.”*
- *“Reassess and update training programs for Montréal ambassadors [...] in order to continue to develop tourism professionals, encourage retention and increase knowledge and skills.”*
- *“Don't forget local tourism. There is still the possibility of taking advantage of neighbourhood life and ‘traveling’ in your own city to discover the different beautiful neighbourhoods and boroughs.”*
- *“Reassure residents with respect to the measures put in place to welcome travellers in a safe manner.”*

... and for governments:

- *“Consider reopening the dining rooms of restaurants and cultural venues, with even stricter sanitary standards than before the closure if necessary.”*
- *“Reduce quarantine time and [implement] a pilot project at YUL like the one in Calgary.”*

The combination of the collaborative session highlights and the action plan that follows resulted in the roadmap proposed by Relaunch MTL for a stronger sector. The various stakeholders can implement the roadmap to ensure the recovery of the sector.

INTRODUCTION

Relaunch MTL: An initiative to mobilize key stakeholders in Greater Montréal's economy

The COVID-19 crisis is having a significant impact on society as a whole. An unprecedented economic crisis has emerged from a health crisis. The impacts of this crisis on the city's economy vary greatly from one industry to another. While some sectors are experiencing significant losses and need to reinvent their business model, others are in a period of growth and are facing labour shortages. While businesses and industries face significant challenges, there are many opportunities to be seized and the transition to a lower carbon economy remains a priority.

The current crisis is mobilizing all Montréal stakeholders. The provincial and federal governments, as well as the Communauté métropolitaine de Montréal (CMM) and its 82 municipalities, are making considerable efforts to contribute to the sustainable recovery of their economies.

In this context, the Chamber of Commerce of Metropolitan Montreal and some twenty partners launched the Relaunch MTL movement, backed by the Government of Canada, the Government of Quebec, the Communauté métropolitaine de Montréal and, the Ville de Montréal, in association with Investissement Québec and in collaboration with the Palais des congrès de Montréal. The aim of this movement is to mobilize all the players in Greater Montréal's economic ecosystem to revive the city's major strategic sectors.

Thanks to data and strategic information collected in real time, each sector will be subject to an analysis of the specific issues it faces.

The goal of the movement is to acquire a detailed understanding of the issues facing these sectors, to find solutions and to assist businesses and governments with decision-making. All this with a common aim: to succeed in reviving Montréal's economy.

The development of ten sector-specific action plans and a plan for the city centre is part of this movement. These plans will be expanded through a series of virtual events that will encourage discussion and the implementation of initiatives to propel the sustainable recovery of the city's economy and businesses.

This document represents the recovery plan for the tourism industry

This action plan for the revival of the tourism sector was developed in September 2020 as part of Relaunch MTL. The analyses, findings and courses of action are the result of a rigorous and accelerated process, taking into account the effects of the current crisis. They are mainly based on:

- a sustained contribution from Tourisme Montréal: studies, data, diagnostics, measures around the crisis, and work and iteration sessions;
- a review of the literature on the consequences of COVID-19, both here and internationally, and the measures put in place to address them;
- secondary research and additional information;
- interviews with key stakeholders in the community (see list in the appendix);
- KPMG's analytical framework and industry expertise.

This plan for the tourism industry gives governments and industry stakeholders some short-term priority courses of action and others that are part of a longer-term sustainable recovery. Its scope is metropolitan, and therefore concerns the territory bounded by the Montréal census metropolitan area (CMA).

It is understood that the courses of action will be refined during a strategic forum on November 27, through a participatory exercise with members of the industry.

TEN AREAS OF INTEREST:

- Retail
- Construction and infrastructure
- The creative industries
- Financial services
- Life sciences and healthcare technology
- Information technology
- Clean technology
- Tourism
- Air transport and aerospace
- Transportation and logistics

Greater Montréal: Solid economic performance before COVID-19

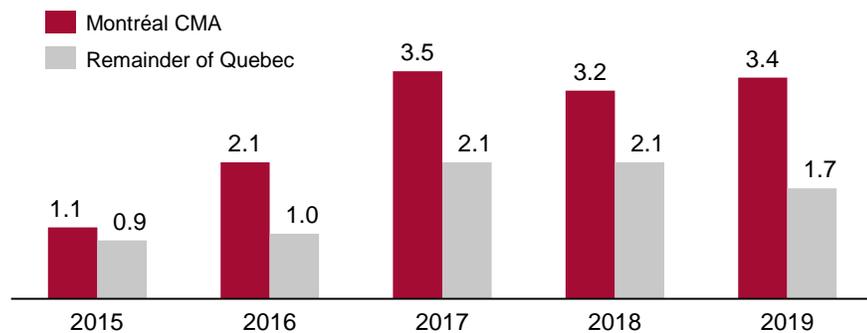
In the years leading up to COVID-19, Greater Montréal was a driving force in the province's economic growth.

- Between 2016 and 2019, the growth rates recorded in the Montréal CMA were significantly higher than the economic growth in the remainder of Quebec. In 2019, the city's GDP even grew at twice the rate of the rest of Quebec (3.4% versus 1.7%), surpassing the growth rates of the other major Canadian CMAs.

The economy of Greater Montréal benefits from:

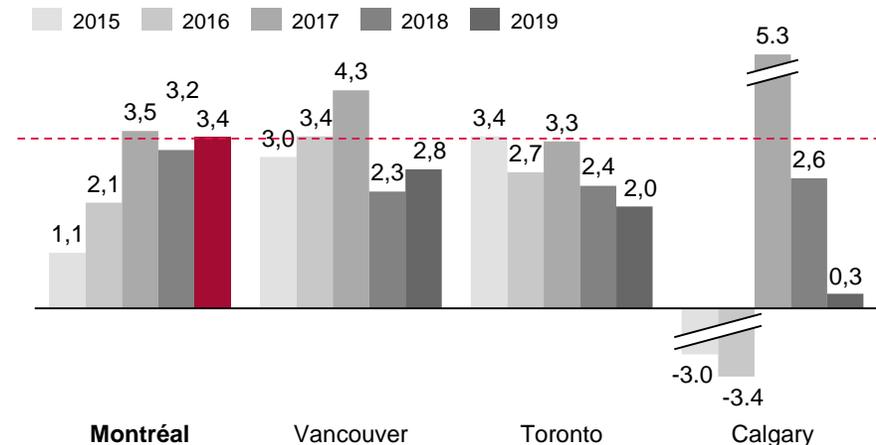
- the presence of a critical mass of businesses and jobs in several promising activity sectors that contribute to making Montréal a dynamic and innovative city (and that are all the subject of recovery action plans);
- massive investments in infrastructure—including the Turcot Interchange, the Champlain Bridge and the Réseau express métropolitain (REM);
- a real estate sector that is growing strongly—not only on the Island of Montréal, but also on the South Shore.

Annual growth rate of real GDP, Montréal CMA and rest of Quebec
From 2015 to 2019, in %



Sources: Conference Board of Canada.

Annual growth rate of real GDP, selected CMAs
From 2015 to 2019, in %



Unprecedented impact and impressive rebound

From February to April 2020, employment in the Montréal CMA fell by 18.0 points, only to rebound in May and the following months.

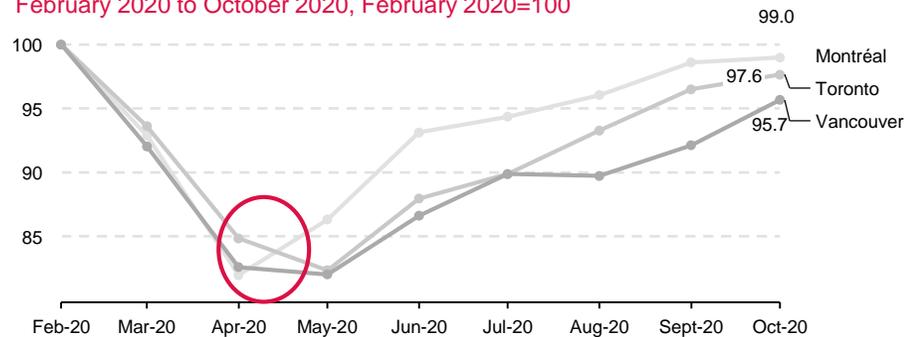
- In October, employment remained 1.0% below February's level, but a decline is possible, given the current partial lockdown.

Montréal's rebound is the most significant of the 20 largest North American metropolises.

- The strength of government intervention has limited job losses, particularly through unprecedented household income support, with personal disposable income even increasing.
- The management of the health crisis has also made it possible to reopen more quickly, in comparison with our neighbours to the south.

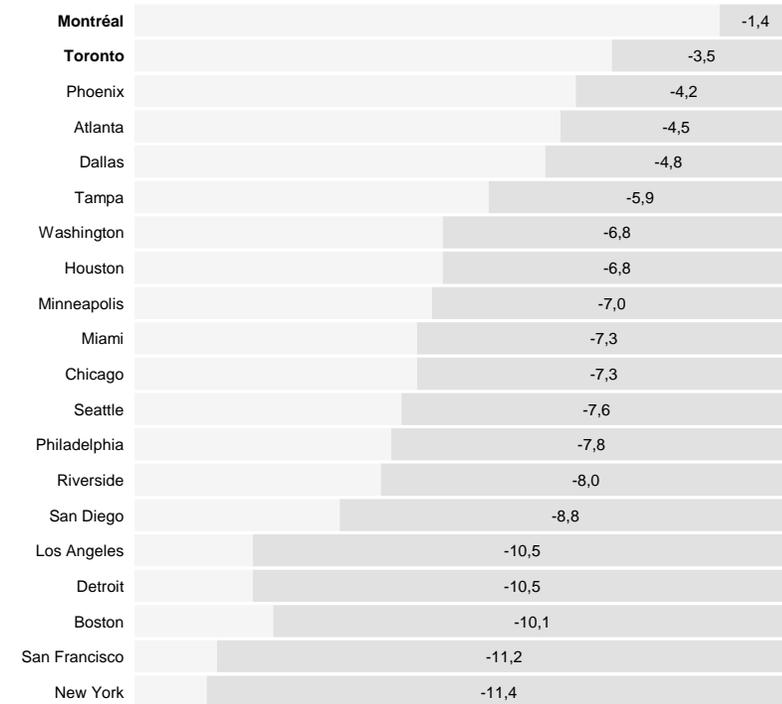
Employment change, selected census metropolitan areas

February 2020 to October 2020, February 2020=100



Change in employment in the 20 largest cities in Canada and the United States

February to September 2020, in %



Sources: Statistics Canada (Table 14-10-0295-01); Metro Recovery Index (Brookings), 2020.

Household and business confidence remains shaken, some health measures remain in place and the productive capacity of the economy has been reduced.

The downtown area remains hard hit

Greater Montréal was hard hit by the COVID-19 crisis, with the lockdown extending over a longer period than elsewhere in Quebec. But it is downtown Montréal that has been—and remains—among the most affected.

- With its high concentration of jobs that lend themselves to telecommuting, the downtown area has been abandoned by many of its employees. A gradual return is under way, with offices being authorized to return to a maximum capacity of 25% of their workforce. At the end of September, it was estimated that only one-third of employers reached or surpassed the 20% mark.
- Due to the closure of the Canadian borders, international tourists are nowhere to be found. The occupancy rate for hotels in downtown Montréal fell by 83% between the summer of 2020 and the summer of 2019, while the hotel occupancy rate outside the downtown Montréal area fell by 25%.
- Shows, festivals and other events held in the downtown core were almost all cancelled from mid-March to early August, while activities at theatres, concert halls and museums were put on hold. In spite of an easing of the public health measures in August and September, the transition of the Greater Montréal area to a red zone on October 1 forced the return of the ban on gatherings, both indoors and outdoors.

Variation in the number of jobs, selected sectors

Quebec, selected periods, seasonally adjusted data

| | Variation February to April 2020 | Variation February to September 2020 |
|-------------------------------------|-------------------------------------|---|
| Accommodation and foodservice | -36% | -10% |
| Information, culture and recreation | -36% | -11% |
| The economy as a whole | -23% | 0% |

Sources: “Les bureaux du centre-ville de Montréal toujours presque vides” (La Presse, 2020); “Bleak summer seen for Montréal hotels, but outlook is better in regions like Charlevoix” (Montréal Gazette, 2020); Statistics Canada (Table 14-10-0022-01).

Accommodation and foodservice, in addition to information, culture and recreation, remain the sectors most affected by the crisis.

A recovery that varies in speed and intensity depending on the sector and location

The majority of businesses in the metropolitan region will experience four phases of a growth recovery.

- Although the initial response phase to the crisis is behind us, some companies operating in the most affected sectors are still in the resilience phase, while others have begun the transition to the recovery phase, which aims to steer their activities back to pre-crisis levels.

Not all companies and economic sectors will make their way through the various phases of a return to growth at the same speed, and some may experience a setback during the second wave. The extent of change needed to adapt business models to the new reality will vary sector by sector.

Most companies have begun to reflect on the new reality that will emerge in the coming months and even years. The lasting repercussions that COVID-19 may have on companies' strategies or business models are at the heart of current concerns.

The 4 phases of growth recovery



Source: KPMG (July 2020) "COVID-19 : Sortie de crise : Soutenir la relance de nos clients"

An action plan structured around five components

This action plan is structured as follows:

- 1 The situation before COVID-19
- 2 Impacts of the crisis on the sector
- 3 Assessing the usefulness of support measures
- 4 Business opportunities
- 5 Courses of action for relaunching the sector

1

THE SITUATION BEFORE COVID-19

- ▶ • Strategic importance of the sector for the city's economy
- Key development issues prior to COVID-19

Tourism is an important economic driver in Greater Montréal and in Quebec

A HIGH-QUALITY TOURISM PRODUCT

+ 353 Events held at the Palais des congrès (2018-2019)

+4.1M International passengers at Montréal-Trudeau Airport between 2012 and 2019 (volume has almost doubled)

No. 1 For hosting international conventions (2019)

AT THE HEART OF THE QUEBEC ECONOMY

~40% Of Quebec's tourism GDP (direct contribution 2019)

57K Direct or indirect jobs in Quebec (2019)

\$190M In economic spin-offs generated by the top 10 festivals (2017)

THAT ATTRACTS MILLIONS OF TOURISTS

\$11.1M Tourists (50% from outside Quebec) (2019)

25M Visits to tourist attractions (2019)

~ \$5G Tourist spending in Montréal (2019)

50% Of tourism spending recorded in Quebec

Sources: Annual reports of the Palais des congrès de Montréal; Tourisme Montréal database; Conference Board; Ministère du Tourisme (Ministry of Tourism); 2018 workforce report; Ministère du Tourisme; Aéroport de Montréal.

A Montréal tourism industry organized around four major hubs and united by Tourisme Montréal

Montréal's tourism industry is made up of a variety of businesses operating in the restaurant and recreation^(a), accommodation, transportation and travel services sectors.

- The industry includes a variety of key partners and stakeholders, including Tourisme Montréal (which unites the sector as the DMO^(b) for the city), Ministère du Tourisme (Ministry of Tourism), Palais des congrès de Montréal (business tourism), Aéroports de Montréal, etc.

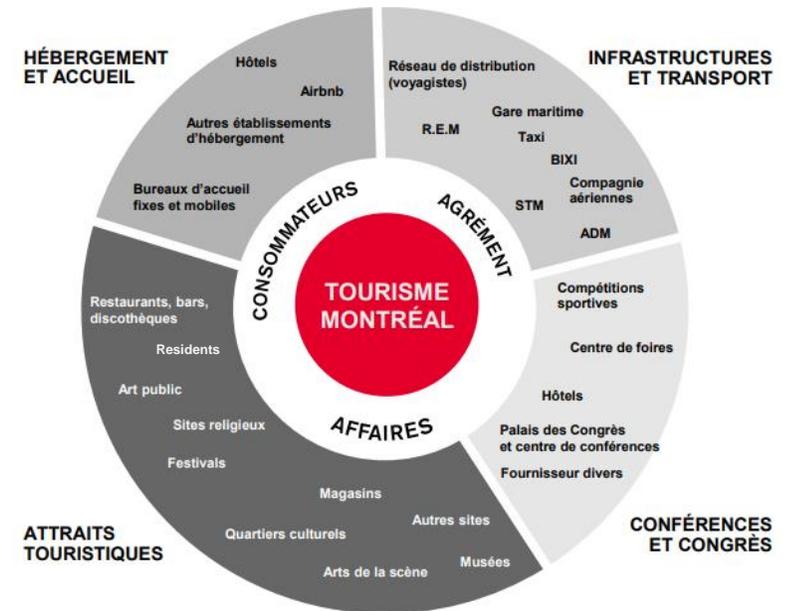
Montréal's Tourism Ecosystem 2020

Key partners:

- Members of Tourisme Montréal
- Ville de Montréal
- Palais des congrès de Montréal
- Alliance de l'industrie touristique du Québec
- Hotel Association of Greater Montréal

Stakeholders

- Chamber of Commerce of Metropolitan Montreal
- Montréal International
- Communauté métropolitaine de Montréal
- Business, academic and scientific communities
- Ministère des Affaires municipales et de l'Habitation
- Ministère de la Culture et des Communications
- Aéroports de Montréal
- Residents



^(a) These two sub-sectors accounted for 76% of jobs in the tourism industry in Montréal (2017)

^(b) DMO: Destination marketing organization

Sources: Tourisme Montréal, APCQ, ADN du portrait touristique montréalais.

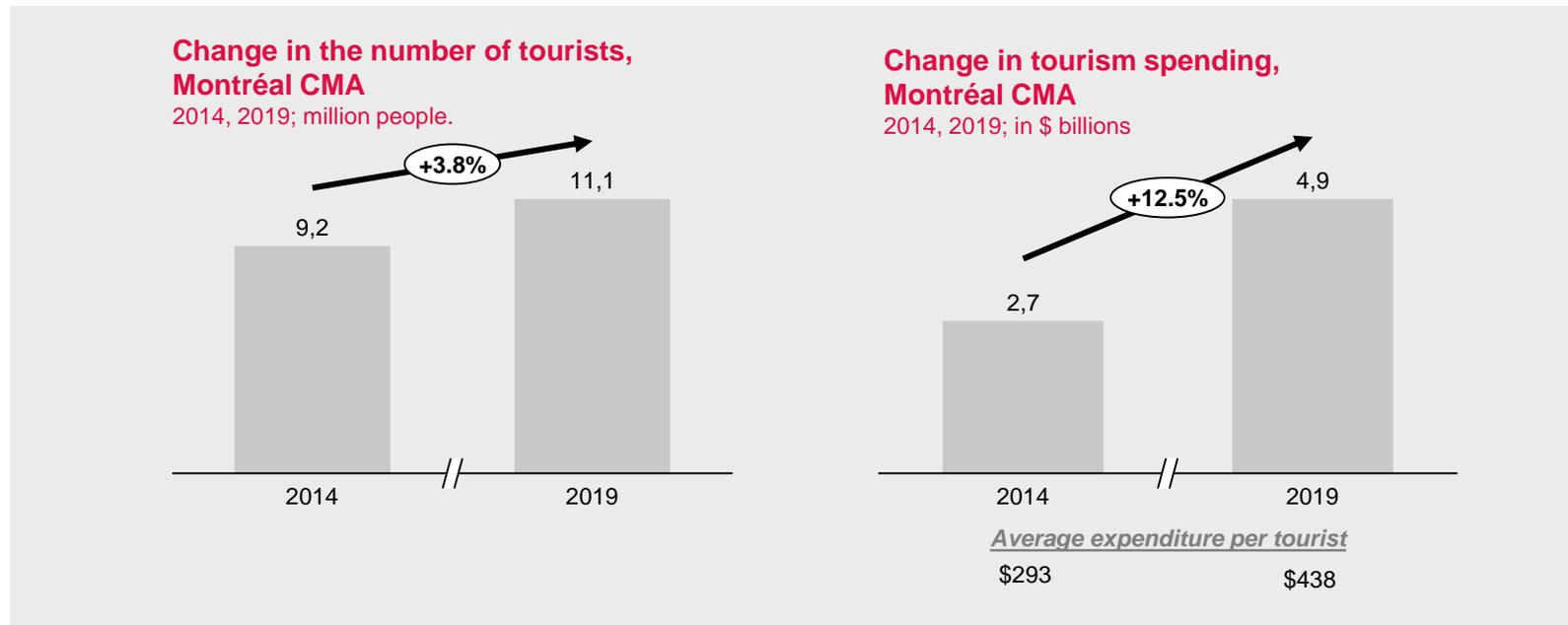
Montréal stands out in Quebec as an international tourist destination (50% of visitors come from outside Quebec) and business destination (top city in North America for hosting international events).

In 2019, tourist activity in Montréal generated tourist spending in the order of \$5 billion

In 2019, Montréal welcomed 11.1 million tourists ^(a), or about one-third of all tourists in Quebec, making it Quebec's leading tourism region.

Spending by all tourists visiting the Montréal region in 2019 accounted for \$4.9 billion, or about half of all tourism spending in Quebec.

Since 2014 and until the end of 2019, the increase in the number of tourists to Montréal, all sources combined, was on average about 4% per year. The increase in spending by these tourists was even more impressive, rising from \$2.7 billion in 2014 to \$4.9 billion in 2019, meaning that average tourist spending in Montréal has increased significantly in the last few years before the pandemic.



In 2019, each tourist spent an average of \$438 during their stay in Montréal, **1.5 times more than in 2014.**

Note: (a) Tourists: Persons who stayed for one night or more, but less than one year, outside their city and used commercial or private accommodation.

Sources: Tourisme Montréal database; City of Montréal; Ministère du Tourisme (Ministry of Tourism) - Strategic Plan 2019-2023.

Tourist spending has a significant economic impact on the city and on Quebec

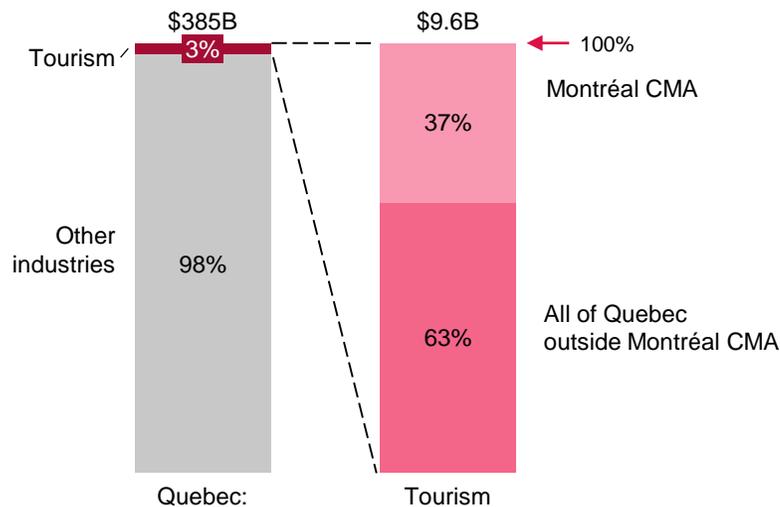
Tourists visiting the region generate significant economic activity that contributes to the creation of wealth and jobs in Montréal and throughout Quebec.

According to the Conference Board, in 2018, spending by tourists in Montréal translated into \$3.6 billion in value added in the Quebec economy, or about 40% of the province's GDP in this sector.

Tourism spending supports some 57,244 direct and indirect jobs, or 2.6% of jobs in Montréal, and generates a payroll of \$2.4 billion.

*In addition to participating actively in economic development, Montréal is **the gateway for more than 95% of tourists to Quebec**. The existence of a strong city is therefore essential in order to attract tourists to the whole of Quebec.*

GDP at basic prices by industry, Quebec and Montréal CMA
2019; direct impact in %, Statistics Canada



Note: (a) Expenditure generated by tourists only (excluding day-trippers)
Sources: Tourisme Montréal database; Statistics Canada; Conference Board.

Economic benefits of tourism in Montréal
2018; \$ millions

| | |
|--------------------------------------|----------|
| Tourism expenditure ^(a) | \$4,497M |
| GDP, direct and indirect impacts | \$3,562M |
| Jobs, direct and indirect impacts | 57,244 |
| Payroll, direct and indirect impacts | \$2,361M |

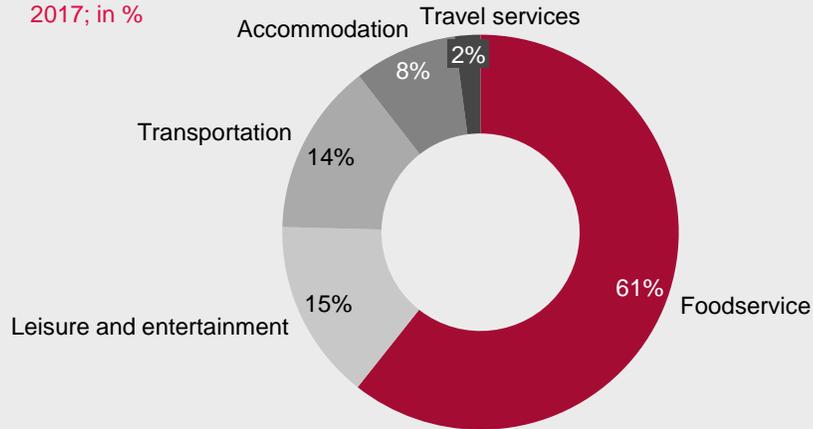
The tourism industry makes an important contribution to the employability of the Montréal population

Direct jobs are mainly concentrated in the restaurant, entertainment, transportation and accommodation sectors. A significant proportion of these jobs are held by students, workers with less education, or people born outside Canada.

- The tourism sector offers particular employment opportunities for young people. The tourism industry is indeed a key employer for 15-24 year olds, especially during the summer period (the busiest for the industry) and also during the school holiday period when young people are most interested in taking a job. For example, 80% of jobs among young people aged 15-24 in Montréal are in the restaurant industry.
- Tourism is an important employer for categories of workers with few qualifications and therefore traditionally more difficult to integrate into the labour market. The tourism industry also offers many skilled management jobs with good salaries. It also makes an important contribution to the employability and, as a result, social integration of a relatively less educated part of the Quebec labour force.

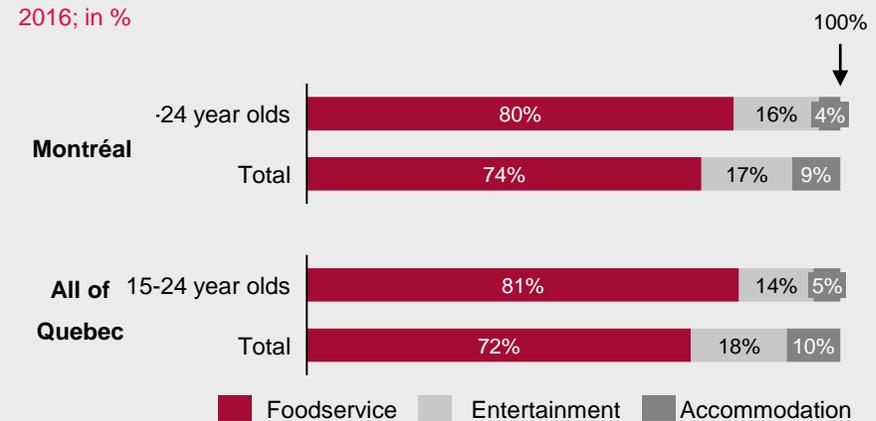
Breakdown of jobs by tourism-related sectors, Quebec

2017; in %



Share of youth in certain tourism jobs, Quebec and Ontario
Montréal CMA

2016; in %



Sources: La pénurie de main-d'oeuvre en tourisme, White Paper September 2019, Sage Consulting; CQRHT, Labour Force Report 2018.

An increasingly popular destination, with passenger traffic in Montréal-Trudeau up sharply since 2012

The number of passengers at Montréal-Trudeau Airport has been growing steadily at 8.1% per year since 2012.

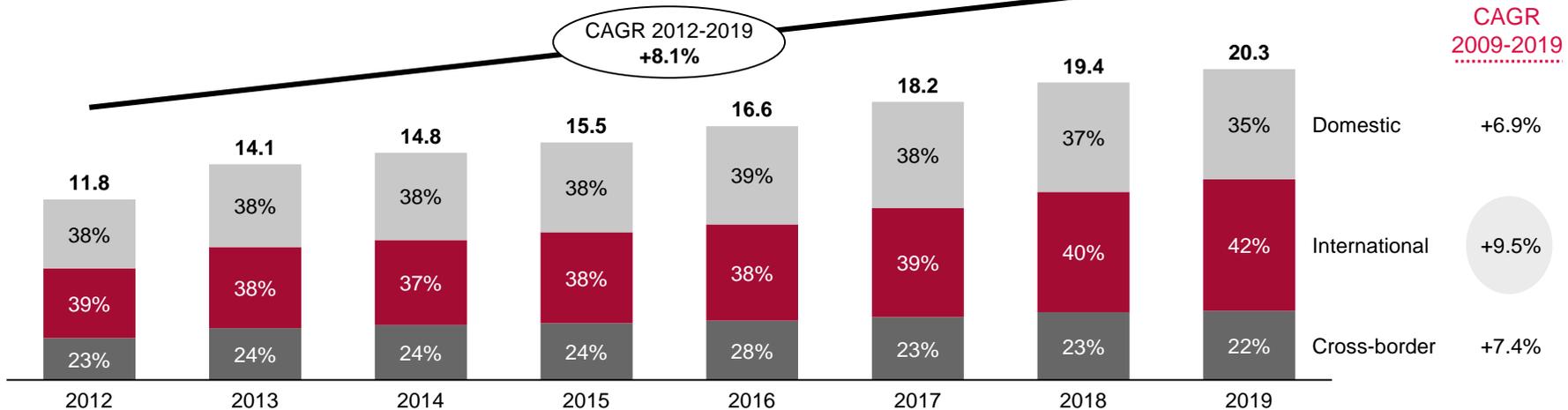
- Growth in international tourists increased by 9.5% per year over the same period. Since 2012, the number of international tourists has risen from 4.5 million to 8.6 million passengers, almost doubling in seven years.

This growth in air traffic is also attributable to the strategy of making the Montréal airport a true hub for international air connectivity, particularly for U.S. flights in transit to Europe. This model has contributed to Montréal's ranking as a connected city and to the increase in the number of foreign tourists.

- Until the closure of the borders, some 30 international destinations required transit through Montréal airport, which also served 95 international destinations with 20 million passengers per year (making Montréal a major hub in terms of destinations served per passenger). For example, Boston is a larger city than Montréal, but less important as a hub, and therefore probably does not benefit as much from tourism spin-offs.

Change in boarded/landed passenger traffic at Montréal-Trudeau

2012 to 2019; total in millions of passengers and share as a %



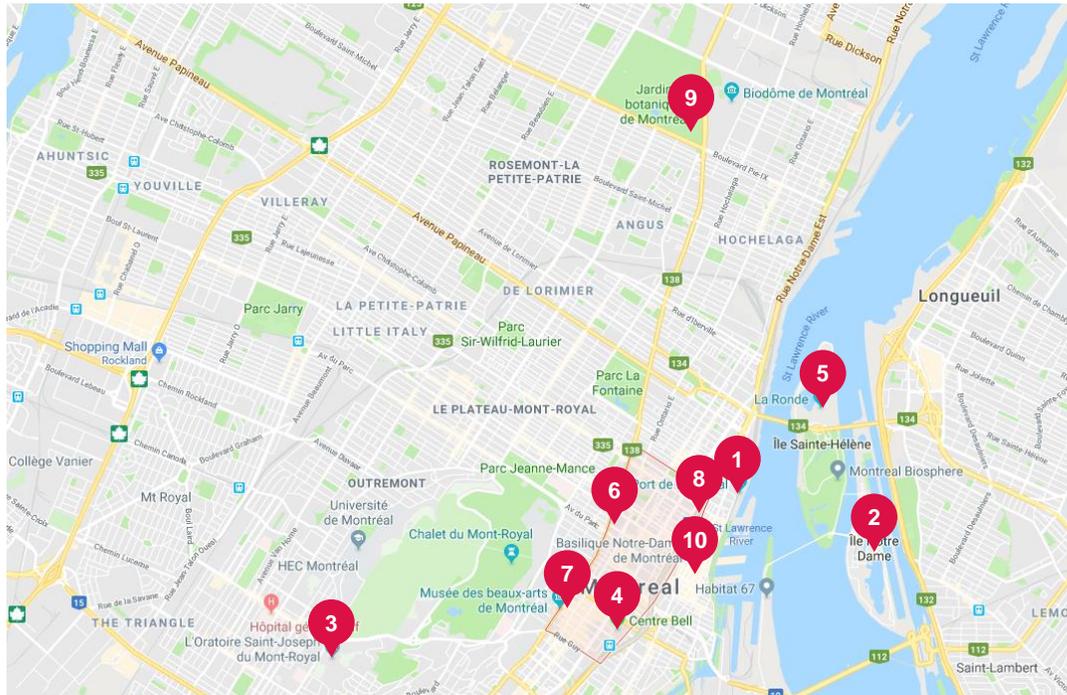
Sources: Aéroports de Montréal; Interviews.

Montréal's tourist attractions, a key draw with nearly 25 million visits in 2019

Montréal is distinct from other North American cities thanks to its unique culture, and its festive, friendly and safe atmosphere. This characterization is associated with its city centre, festivals and vibrant cultural scene.

The level of attendance at Montréal's tourist attractions reached 24.5 million visits^(a) in 2019. A large concentration of tourist traffic is located around downtown and the historic Old Port district.

Top 10 tourist attractions in Montréal in terms of annual visits 2019; annual visits in millions of visitors



Notes: (a) Including tourists, day-trippers and locals; (b) Excluding the Casino and La Ronde
Source: Tourisme Montréal database

In addition to benefiting tourists, the development of attractions (e.g. the Quartier des Spectacles) also contributes to improving Montréalers' quality of life and the city's socio-cultural development.

| | | |
|----|------------------------------------|------|
| 1 | Old Port | 6.8M |
| 2 | Casino | 5.2M |
| 3 | St. Joseph's Oratory | 1.9M |
| 4 | Bell Centre | 1.8M |
| 5 | Parc Jean-Drapeau ^(b) | 1.6M |
| 6 | McCord Museum | 1.2M |
| 7 | Montreal Museum of Fine Arts | 1.2M |
| 8 | Bonsecours Market | 1.1M |
| 9 | Space for Life | 1.0M |
| 10 | Notre-Dame Basilica (guided tours) | 1.0M |

Tourists contribute more than 50% of festival spending in Montréal

Until 2019, close to 60 tourism festivals (supported by Tourisme Montréal) were held each year, many of which were international in scope.

According to a study on the economic impact of the Regroupement des événements majeurs internationaux (RÉMI) conducted by KPMG, events held in Montréal contribute \$190 million to the added value for the 10 events that participated in the study. These same festivals generated additional government revenues of \$40 million every year.

Although participants from outside Quebec represent only 15% of the total number of visitors, they participate in more than 54% of the spending generated.

Average economic spin-offs of festivals, Montréal

2016-2017; in millions of \$ and in %

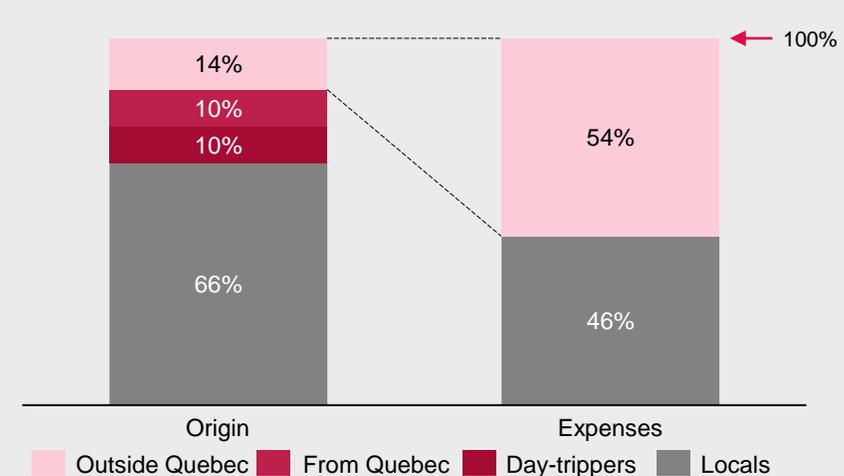
| | Montréal |
|----------------------------------|-----------------|
| | TOTAL |
| Number of festivals in the study | 10 |
| Added value | \$189.6M |
| FTE jobs | 3,050 |
| Provincial government revenues | \$30.7M |
| Federal government revenues | \$10.9M |

List of participating festivals: Rogers Cup, Igloofest, Montréal en Lumière Festival, Les Francos de Montréal, Montreal International Jazz Festival, Montreal Pride, L'International des Feux Loto-Québec, Just for Laughs Festival, Fashion & Design Festival, Osheaga

Source: Consolidated economic impact of 17 RÉMI members.

Source of visitors and tourist spending

2016-2017; in %

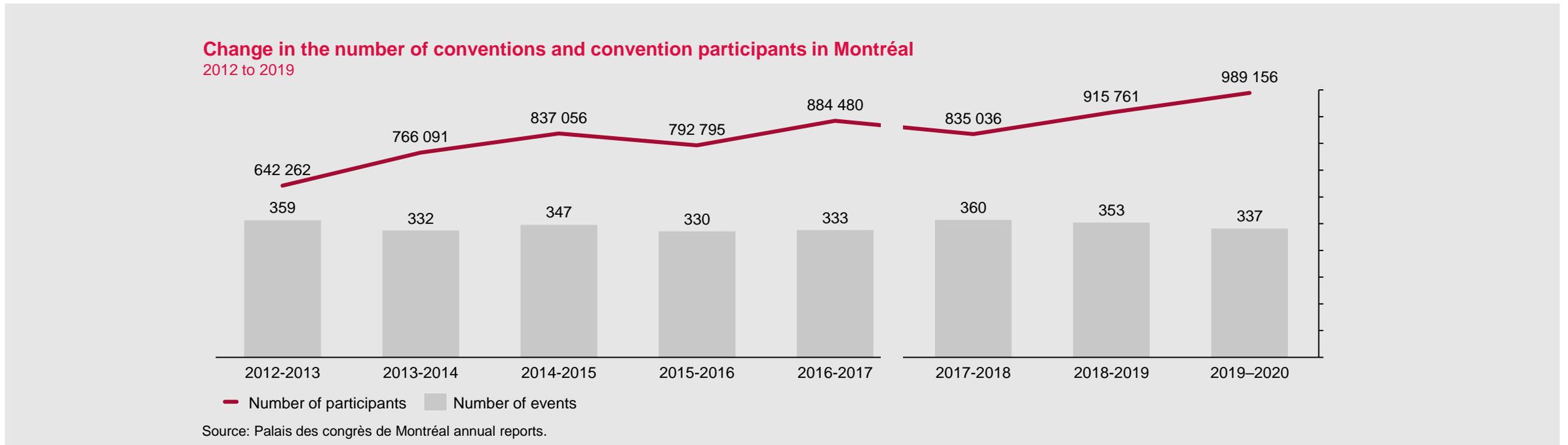


With close to one million convention attendees in 2019, Montréal is a prime destination for business tourism

The Palais des congrès de Montréal hosted 337 events in 2019-2020, which attracted 989,156 participants. The economic spin-offs generated by all the events are estimated at \$216 million, and the participants' attendance resulted in 158,308 overnight stays.

This is mainly due to the strategic location of the Palais des congrès on the border of several dynamic districts (business district, Quartier des Spectacles, Old Montréal, international district, Chinatown).

- This performance is all the more impressive given the ever-increasing competition between global and Canadian tourist destinations to attract the lucrative business tourism market. International participants contribute to Montréal's economy through their spending on accommodation, food and other expenses.

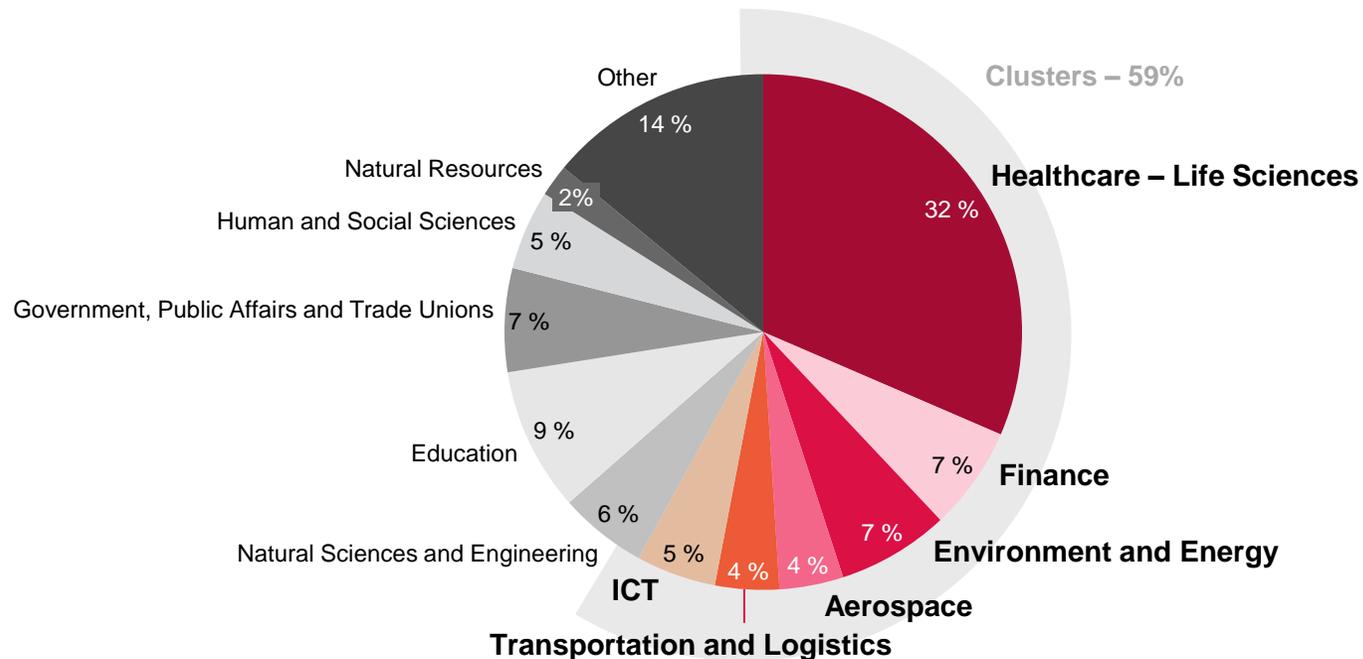


The majority of conventions are held in sectors that are promising for Montréal's economy

Sectors related to Montréal's industrial clusters (information technology, finance, healthcare and life sciences, aerospace, environment and energy, transportation and logistics) account for more than half of the conventions held at the Palais des congrès. These sectors also correspond to the main sectors put forward by Destination Canada.

Breakdown of conventions by activity sector

From 2014 to 2019, in %



Source: Palais des congrès

The appeal of conventions leads to many spin-offs

ECONOMIC SPIN-OFFS



- Beyond the added value, the Palais des congrès supports thousands of jobs.
- Although fewer events are held at the Palais des congrès, they generate the most economic spin-offs by attracting tourists from outside Quebec.
- The impact of the Palais des congrès could be even more beneficial if the expansion project goes ahead.

COMMERCIAL SPIN-OFFS AND NICHE DEVELOPMENT



- Nearly 60% of the conventions held at the Palais des congrès are linked to the most buoyant sectors of the economy.
- Montréal's expertise not only attracts conventions, but the presence of these conventions also generates important business development and networking opportunities for these sensitive sectors. For example, the Montreal International Game Summit every year showcases Quebec's expertise and creates business opportunities through its various activities (conferences, job fairs, etc.).

INTELLECTUAL SPIN-OFFS collaboration, agreements and partnerships



- The profile of convention participants reflects the vitality of Montréal's higher education institutions, particularly in health, aerospace, ICT and finance.
- These events bring together thousands of participants from around the world who come to Montréal to share cutting-edge knowledge in scientific fields.
- Organizing a convention also allows the researchers involved to gain a strong position on the world stage by joining an international network of peers.

INTERNATIONAL POSITIONING AND INFLUENCE



- The presence of the Palais des congrès in Montréal positions it as a business destination with high-quality services, modern technology, sustainable development measures, etc.
- The awards and certifications obtained, as well as the best-of lists that include Montréal and the Palais des congrès, allow the destination to increase its influence and improve visitors' perception.
- In addition, events such as C2 MTL or the Startupfest reinforce Montréal's positioning as a beacon of innovation and creativity.

In 2019, Montréal ranked first among North American cities for hosting international events

Greater Montréal once again stood out as the city that hosted the most international conventions in North America in 2019, according to the Union of International Associations' ranking.

- In the international convention market, Montréal has been among the top three destinations in North America and among the top two in Canada in terms of number of conventions since 2008.
- In Canada, Montréal leads the pack, hosting 42% of the international events taking place in the three largest cities (Toronto, Vancouver, Montréal). This result demonstrates Montréal's power of attraction on the international scene.

In terms of association conventions, Montréal is in first place in North America for the fourth consecutive year.

ICCA and UIA rankings for international conventions and international association congresses

2019, in number of conventions

| | | International conventions | | | Intl. association congresses |
|---|-----------|---------------------------|---|------------|------------------------------|
| 1 | Montréal | 92 | 1 | Montréal | 129 |
| 2 | Vancouver | 73 | 2 | New York | 79 |
| 3 | New York | 57 | 3 | Washington | 61 |
| 4 | Toronto | 52 | 4 | Toronto | 56 |
| 5 | Boston | 47 | 5 | N.D | - |

Source: ICCA Statistics Report, 2019.

Tourism, a crucial industry for the city's development

| Stimulating the development of major hotel projects | Encouraging large-scale urban development projects | Promoting cultural creation and heritage preservation | Shining an international spotlight |
|---|---|---|--|
| <p>As an important source of revenue for the hotel industry, tourism is a powerful incentive for the development of real estate projects.</p> <ul style="list-style-type: none"> • For several years now, Montréal has been experiencing a remarkable increase in the number and quality of hotels. – Several boutique hotels have sprung up in Old Montréal. New chains have set up around the airport. These real estate projects generate wealth in the Quebec economy from the moment they are built and then continuously during their operation. | <p>Tourism stimulates urban development projects.</p> <ul style="list-style-type: none"> • Several of the major projects currently under way or to come incorporate tourism, which is often essential to their viability. <ul style="list-style-type: none"> – For example, \$1.5 billion in investments were made between 2007 and 2019 in the Quartier des spectacles, including projects that generated \$85 million in property and school tax revenues. • By taking public transit, or travelling by train or plane, tourists visiting Montréal also participate in the financing of transportation infrastructure, which is vital to the metropolitan economy and useful to all residents. | <p>Tourists are an important clientele for Montréal's various museums.</p> <ul style="list-style-type: none"> • Tourists coming mainly from abroad or from other Canadian provinces visit museums or art galleries in significant proportions during their stay. <ul style="list-style-type: none"> – For example, in 2019, 7.1 million people visited a museum in the city. According to the Société des musées du Québec, between 22% and 34% of visitors to museums on the Island of Montréal came from the United States. | <p>Tourism ensures the city's outreach abroad.</p> <ul style="list-style-type: none"> • In addition to the promotion carried out by Tourisme Montréal and by other players in the tourism industry, tourists themselves contribute to the discussion about the city through their comments on social media. This promotion not only attracts more leisure and business tourists, but also introduces the city to potential investors and acts as a gateway for immigration (foreign workers and international students). |

Sources: Tourisme Montréal; La Presse, Quartier des spectacles : les investissements ont été très rentables; ISQ, Société des musées du Québec.

1

THE SITUATION BEFORE COVID-19

- Strategic importance of the sector for the city's economy
- ▶ • Key development issues prior to COVID-19

The sector's good performance is the result of a strategic approach to “Destination Montréal”

A strategic approach to the development of the destination, beyond its promotion



A tourism plan aimed at strengthening the city's international reputation.

Tourism is an activity at the heart of hotel development, urban development, and the city's cultural and business development. Through its impact, tourism undeniably contributes to Montréal's competitiveness and attractiveness. It helps position the city and Quebec on the international scene and contributes to the dissemination of its culture, history and values.

A new positioning based on the uniqueness of Montréal's identity



In its strategic reflection for 2018-2022, Tourisme Montréal examined the opportunities and challenges facing the sector in the context of a rapidly growing international tourism market and proposed a series of initiatives to strengthen Montréal's reputation as a destination of choice on the global and Canadian tourism scene. Its goal was to showcase Montréal's authenticity, liveliness and creativity.

An ambitious vision for the destination



Tourisme Montréal's vision for the destination: “Montréal ranks among the most attractive urban destinations in North America and is recognized worldwide for its openness, liveliness and creativity.”

Source: Tourisme Montréal's strategic plan.

Initiatives to ensure the long-term growth of the sector were being launched when the COVID-19 pandemic began and were suddenly curtailed. As a unifying organization, Tourisme Montréal will work hard on the sector's revival.

The "pre-COVID" development issues of the Montréal tourism sector



Seasonality. The strong seasonality associated with tourism in Montréal has a direct impact on the occupancy rate and the price of overnight stays in the hotel sector, on consumption and on business in restaurants and cultural establishments. The development of a unique and attractive winter proposal was one of the initiatives planned by Tourisme Montréal in its current strategic plan.



Too much concentration in time and space. In recent years, Montréal, like the rest of the world's tourism industry, has experienced strong growth. On the other hand, the city's accommodation capacity remains limited and must develop a strategy to maintain the growth of the tourism industry, without affecting its acceptability to Montréalers.



Downward pressure on prices and margins. The democratization of tourism is putting downward pressure on prices. In addition, new business models related to the sharing economy (e.g. Airbnb) are creating additional pressure on the hotel sector, which already has limited room for manoeuvre due to its high fixed costs.



Accessibility and fluidity of movement. Before March 2020, Montréal was already facing accessibility issues (much construction work in progress, lack of airport/city centre link, etc.). This issue is a hindrance for international as well as national tourists.



Strong competition for business tourism. In terms of business tourism, Montréal competes with a number of international cities (in addition to Toronto and Vancouver, we should mention Paris, Washington, New York, Dubai, Barcelona, etc.) that stand out for their innovative offerings and their ability to attract industry leaders.

Sources: Tourisme Montréal's strategic plan; Interviews.

International trends observed in recent years

SUSTAINABLE DEVELOPMENT, RESPONSIBLE TOURISM: a continuing trend

- On the Booking.com platform, 87% of travellers express their wish to travel in a more sustainable way.
- Consumers favour the use of public transit over taxis, encourage businesses (restaurants and shops) that offer local products and wish to get off the overly touristy trails.
- Norway, New Zealand, Australia and the Netherlands stood out in their wish to meet this demand from travellers.

Speed up DIGITAL transformation

- Development of the collaborative economy (e.g. Airbnb, Luxury Retreat, etc.) that competes with hotels
- Disintermediation with research and planning platforms (e.g. Bookings)
- Use of big data and artificial intelligence (e.g. micro segmentation, hyper customization, customer journey, etc.)
- Connected and mobile travellers, ubiquitous technology

Visitors looking for an EXPERIENCE in both leisure and business tourism

- Search for unique, tailor-made and meaningful experiences (sense of purpose)
- Search for authenticity and human connections
- Interest in local residents, neighbourhoods and products (localhood)
- Creation of more “engaging” conventions, including a hybrid experience (face-to-face conferences and meetings and virtual experiences) and multidisciplinary programming that combines business, creativity and entertainment (SXSW, C2)

Adapting the experience and positioning of the destination to NEW CUSTOMER TARGETS

- “Multi-segment” visitor and new profiles: nomadic traveller, travel by field of interest, transformational travel
- Growth of the middle class
- Changed consumer behaviour in a crisis and post-crisis context (travel intentions and new, increased demands)
- Important weight of millennials
- New targets: foreign students and workers as long-term visitors and destination ambassadors
- Local population as visitors to their own city and ambassadors of the destination

High seasonality



Tourist numbers are currently very concentrated in the summertime

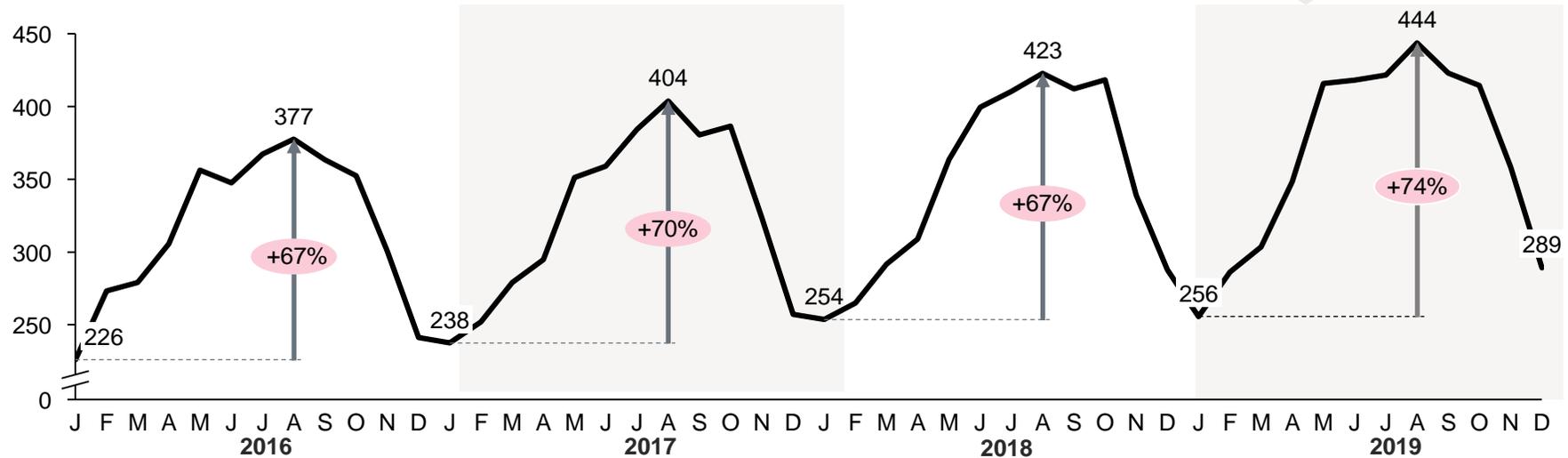
Differences in the distribution of tourists by season tend to increase slightly.

- Since 2016, the gap between the number of rooms occupied during peak and off-peak periods has increased from 67% in 2016 to 74% in 2019
- Nevertheless, the number of tourists in the off-peak period (January) increased at an average rate of 3.2% per year

“The dates on which major events and conventions are held are important, because even in off-season, the pool of visitors associated with a convention or meeting is sufficient to set more advantageous prices.”

Change in the number of rooms occupied on the Island of Montréal

January 2016 – December 2019, in thousands of rooms



Sources: AGMH interviews; Tourisme Montréal database; Transat Chair in Tourism.

The development of an attractive winter offer was one of Tourisme Montréal's ongoing initiatives.

Too much concentration in time and space



Maintain the growth of tourism despite its concentration during the summer period and on a limited scale, while respecting the city's capacity.

With tourism being fairly concentrated in space and time, Montréal is facing the issue of the capacity to absorb a high number of tourists over a short period of time and in the same sector of the city.

- This density of tourists in the summer period can, in some cases, be an irritant for the city's residents. Visitors are looking for an experience during their visit, and the greater involvement of residents in the creation of this experience (showcase, tools, platform) can foster tourist enthusiasm for the city, outside of the current busy period.
- Overall, the number of tourists from overseas was up 5% in 2019. This increase was particularly significant for tourists from China (+8%), Mexico (+15%), Japan (+9%) and France (+8.5%).
- This density of time and space creates a labour issue that requires a good number of seasonal employees for the tourism sector.
- Prior to the pandemic, there was a disparity in district development, causing issues of accessibility and capacity, thus pushing the sector to favour outlying districts in order to increase its capacity.
- In recent years, a cultural policy for the development of district tourism had been introduced to address this issue and seemed to be bearing fruit.

Sources: Tourisme Montréal; Interviews.

*“Before the pandemic, there was **high density in the central districts** and other districts were poorly developed.”*

*“How can we do better to attract **people who are like Montréalers** in order to promote their integration and **the development of a more harmonious destination?**”*

*“Can we attract **markets like Japan and Germany** that will spend more?”*

How can we develop an offer that will attract a high-quality clientele?

Downward pressure on prices and margins



How can we ensure the profitability of the sector despite constant pressure on margins, especially in accommodation?

The tourism sector was already suffering before the start of the pandemic from pressure on margins and prices related to hotel occupancy and pressure from high fixed costs.

- The growth in prices for an overnight stay in Montréal (annual growth of 3.5% between 2015 and 2019) has encouraged the growth and development of models related to the collaborative economy, such as Airbnb, which offers a service at an often lower price. Despite the growth in prices per night, the development of online booking sites has also changed the dynamics of the industry. The operators of its websites charge commission fees of between 10% and 25% per transaction to hoteliers and often post rooms at lower prices.
- Since the beginning of 2010, the hotel sector has seen several property tax increases, which now average \$2,600 per room. In addition to the increase in property taxes, wage increases have taken place, which has led to a decrease in average hotel profit margins.
- Similarly, Quebec restaurateurs earn considerably lower net profits (<6%) than their Ontario counterparts (>10%), despite the fact that gross profits are similar. The difference is attributable to salaries and rents.

*“Real estate is the lifeblood of the hotel business. Whether it's a chain or not, **it's often an independent businessperson who bought the building and wants a return on his real estate assets.**”*

*“Property tax is the largest portion of fixed costs **in the hotel industry.** In Montréal, it is **the highest in Canada.**”*

*“The business models of Montréal establishments **rely heavily on travellers from outside Quebec.**”*

Accessibility and fluidity of movement



The work in progress was already causing an accessibility issue in the city, whether for access to the city centre from the airport or for internal and inter-regional travel.



- To this day, there is still a great concentration of tourist traffic around a few major centres, including the Old Port, downtown and the Olympic Park. The concentration of several million visitors in 2019 in the same sector of the city and at a reduced number of attractions contributes negatively to the accessibility of the sites (see Top 10 tourist attractions in Montréal in section 1.1).



- The major work in progress to redevelop St-Catherine Street, redevelop Viger Square, build the Turcot Interchange, repair the STM network, etc., is hindering the smooth movement of visitors between the various tourist attractions, hotels, the airport and other cities and regions. Difficult access to downtown from the airport is also a hindrance to the development of tourism for travellers stopping in Montréal.



- Despite the growth in the number of international tourists and the number of direct connections to major world destinations, Montréal is performing less well in terms of international flight frequency compared with other major cities, thus reducing the city's accessibility factor by air transport.



- Nonetheless, the use of rail lines between Montréal, Québec City, Ottawa and Toronto has seen a significant increase in passenger volumes over the past five years, with an average annual increase of more than 6%.

Strong competition for business tourism



How to succeed in standing out internationally in business tourism and maximize the economic benefits for the destination?

Limited growth “in-person” conventions and exhibitions, due to the space available at the Palais des congrès.

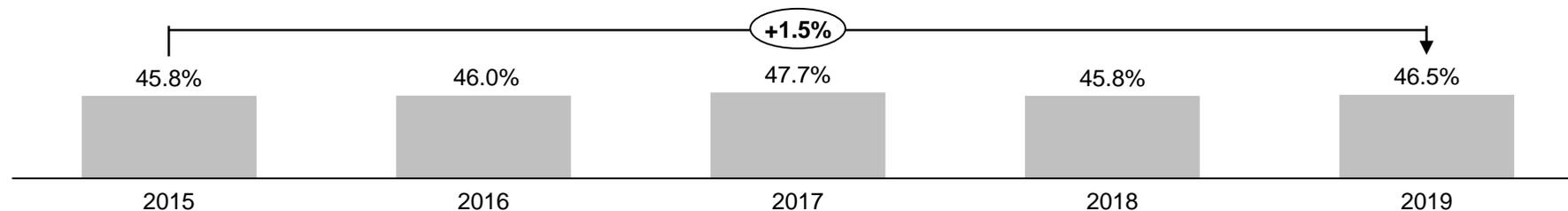
- Montréal ranks third in Canada in terms of exhibition space (199,052 square feet), but remains below its U.S. counterparts. Competition from other North American cities drains some of the Palais des congrès de Montréal's business opportunities, which helps keep the occupancy rate below 50%.
- Despite global growth in demand, the occupancy rate is stagnating, increasing by only 1.5% between 2015 and 2019.

An issue of seasonality in winter for attracting international convention participants

Several areas for improvement already existed prior to COVID-19 from the perspective of industry professionals:

- While Montréal has a good reputation for business conventions, exhibitions and fairs, some cities (e.g. Barcelona, Dubai, Shanghai, etc.) stand out for their degree of innovation in technology, concepts and networking possibilities.
- According to some business tourism professionals, there was a need to maximize synergies among stakeholders revolving around business tourism (including industry clusters, institutional stakeholders, businesses and knowledge institutions), to maximize economic spin-offs and make business tourism a catalyst for promising economic sectors, for the international business development of Canadian companies and for the promotion of Quebec abroad.

Change in the occupancy rate of the Palais des congrès in Montréal
2015 to 2019



Sources: HLT Advisory Inc., Tourisme Montréal, Palais des congrès de Montréal (Annual Report), Interviews.

2

IMPACTS OF THE CRISIS ON THE SECTOR

The tourism sector has been the most affected in the metropolitan economy following the closure of the borders

| EFFECT TYPE | IMPACT |
|--|--|
|  <p>WEALTH OF HOUSEHOLDS AND BUSINESSES</p> | <ul style="list-style-type: none"> The tourism sector is impacted on several levels: wealth, health measures and changes in behaviour. However, these three effects do not have the same degree of impact on the industry. |
|  <p>HEALTH MEASURES</p> | <ul style="list-style-type: none"> The injection of money by governments to support personal income has increased disposable income in Quebec since the beginning of the crisis. Thus the impact on the budgets of Quebec tourists is probably negligible. However, since foreign tourists represent a larger pool (61%) than local tourists (39%) for Montréal and spend two to three times more than local tourists, the effect of health measures is the biggest obstacle to the industry's recovery. The closing of the borders has caused a drastic drop in traffic, despite efforts to stimulate local tourism. |
|  <p>CHANGE IN BEHAVIOURS</p> | <ul style="list-style-type: none"> In a context of crisis, Quebecers looking for vacations have preferred to turn to the regions and outdoor tourism, avoiding large cities, proximity to others and possible sources of contamination. According to a Léger Marketing survey conducted during the pandemic, only 9% of Quebecers felt comfortable travelling and a majority of Canadians felt stressed when going out in public. |

Sequence of events since the start of the pandemic and the start of border closures

2020

Mid-March:
border
shutdown



Temporary closure of
hotels, restaurants,
bars, etc.



Loss of high
quality jobs



Cancellation of
festivals until
August 31



Using hotels to meet the
needs of the healthcare
community

Sources: June 2020 Global Tourism Intelligence Survey – COVID-19 edition, Tourisme Montréal 2018-2022 Strategic Planning; Tourism Demand Forecast (updated July 2020) – Destination Canada.

Worldwide, the tourism industry is in shock from the crisis

**-\$1,200
billion**

The OECD estimates that COVID-19 will have led to an 80% drop in international tourism in 2020, while UNCTAD (United Nations Conference on Trade and Development) estimates that the current crisis will cost the entire tourism industry at least \$1.2 trillion (1.5% of global GDP) or \$2.2 trillion (2.8% of global GDP) over an eight-month period.

-\$3M / \$1M

A significant impact on economic spin-offs: UNCTAD estimates that for every \$1 million lost in income from international tourism, countries can expect to lose around \$3 million in economic spin-offs.

-96%

Currently, the number of tourist destinations without border restrictions has declined by 96%.



Prospects for recovery for certain regions and types of tourism

Some regions, such as the European Union, should be able to bounce back faster than others. Indeed, within the OECD, domestic tourism accounts for up to 75% of the tourism economy, which will contribute to a faster recovery.

In Montréal in particular, the situation is catastrophic...

The pandemic has a profound impact on key performance indicators for 2020 for Montréal's ecosystem

INFRASTRUCTURE AND TRANSPORTATION

Airport passenger traffic
Montréal-Trudeau
(May to July 2019-2020)



-98%



or barely 30,000 people compared to 3.9M in 2019



Air movements at
Montréal-Trudeau airport*
(May to July 2019-2020)



-79%

Decrease in the number of entries into Canada through
Quebec borders



-98%, i.e. fewer than 25,000 entries

(May to July 2019-2020)



ACCOMMODATION AND RECEPTION

~8,000

Rooms not available out of 19,462 AHGM members due to temporary closures at the beginning of the pandemic (41%)

Iconic Montréal hotels have temporarily closed:
Four Seasons, St-Paul, St-James...

Compared to a rate of 85% last year, the average occupancy rate for Montréal AHGM member hotels between May and August is at

\$38/night ▼



The average rate has dropped from \$188 to \$150/night, which is equivalent to the 2014 rate



14%

... on the number of visitors to tourist attractions, on tourist spending and on the closure of establishments

The pandemic has a profound impact on key performance indicators for 2020 for Montréal

CONFERENCES AND CONGRESSES

Temporary closures of convention venues

TOURIST ATTRACTIONS

Postponement, cancellation and virtual rebroadcasting of several festivals that bring in an average of \$19 million per event



Temporary closures of museums and cultural centres

Temporary closures of gastronomic venues



Among these closures are some iconic restaurants. Montréal is also at risk of losing nearly 30% of its restaurants as a result of the crisis

Temporary closures of architectural heritage sites

Average tourist spending by international tourists
(April to June 2020)



▼ **-95%**
13,000 visitors
Visits to tourist attractions



▼ **-92%**
Visitors in downtown Montréal

In addition, the tourism industry had to make cuts, which led to a significant loss of jobs

According to the Ministère du Tourisme du Québec, the sectors associated with tourism (recreation, transportation, accommodation, food and beverage and travel services) will employ nearly 402,000 workers in 2018 in Quebec, or 10% of all workers. In addition, of the 30,000 companies participating in this job creation, 42% are located in major centres (Montréal and Québec City).

For many employees in the tourism sector, government assistance is not sufficient to compensate for the lost wages. For example, at the maintenance worker level in the accommodation sector, a job with few prerequisites, salaries paid are around \$25/hour, which is much higher than the CERB. In 2018, the Ville de Montréal had estimated that more than 77,000 jobs were related to accommodation and foodservice.

AHGM member institutions laid off an average of 80% of their staff. With an estimated 12,000 employees before the pandemic, it is estimated that 9,600 relatively well-paying jobs will be lost, given the skills required.

Airlines are also employers of choice in the tourism industry. According to IATA, the air transportation industry generates more than 190,000 jobs in Canada. Since the pandemic, Air Canada alone has laid off over 20,000 employees, while many tour operators have simply closed (around 50 of Quebec's 775 agencies, according to the Office de la protection du consommateur).

According to a survey conducted by the Transat Chair in Tourism with 1,210 respondents, including 98 Montréal organizations:

- 45% of Montréal businesses with a pool of employees made temporary layoffs during lockdown and 15% were permanent.
- Re-hiring was carried out to meet needs during the annual period. However, Montréal tourism businesses report having, on average, reached only 45% of the 2019 staffing level.

Since the beginning of the pandemic, some sector issues have developed or grown in importance



Inevitable closures leading to loss of flagships and talent

Beyond the hotel sector, which is greatly affected due to a high fixed cost structure in light of property taxes, the threat affects the major players in the ecosystem, such as airlines and major hotels (e.g. Four Seasons, St-Paul and St-James), as well as Montréal's iconic sites and restaurants (e.g. Le Toqué) that attract business and leisure tourists. In some cases, this could have an impact on self-employed and seasonal workers, leading to a loss of expertise in the short term and a reduction in the quantity and quality of the tourism offer in the longer term.



A risk to Montréal's reputation and the questioning of Montréal as a safe city

Intrinsic qualities of Montréal called into question by the crisis or amplified irritants: perception of health safety, public safety, quality of the downtown area (construction works, homelessness, cleanliness), etc. Reputation is at risk internationally as well as in Canada and Quebec, since Montréal is perceived as the epicentre of the pandemic in Canada. Moreover, it is difficult to rely on the city's usual strengths: festivals, festive atmosphere, food, nightlife and other gathering spots.



A city centre that has lost its vitality

Since the beginning of the crisis, the imbalance between the city centre and other districts has been reversed. The downtown area, which used to shine with its vibrant cultural scene and weekday bustle linked to its unique clientele of office workers, business people and students, has lost its panache. Cultural and social activities (festivals, etc.) have been reduced to a minimum, and telework has "drained" the downtown core of two key customer segments. The numerous construction sites and access difficulties contributed to this.



A loss of attractiveness and competitiveness compared to other business cities

Business tourism has dropped drastically. Some players, such as the Palais des Congrès and C2 MTL, have revisited their business model and managed to maintain some hybrid "phygital" events, but the direct and indirect benefits for Montréal are mostly lost. However, Montréal now risks losing its leadership position in North America to competing destinations (Washington, New York, Toronto, etc.).



Decrease in the resources available for promoting and developing tourism

With the virtual disappearance of hotel bookings, Tourisme Montréal's main revenues are in jeopardy. Tourisme Montréal's ability to invest in the promotion and development of the destination and to contribute financially to the production of events or attractions (e.g. festivals, sporting events, etc.) is also being undermined.

Source: Interviews

Montréal's tourism sector did not fare as well as the regions did during the summer months

According to a survey conducted by the Transat Chair in Tourism with 1,210 respondents, including 98 Montréal organizations:

- “The crisis seems to affect **organizations located in large urban centres** more severely. More than half of the sample (57%) said that despite the summer, **their finances have continued to deteriorate**. One-third (33%) even say that they have deteriorated significantly, with **a higher proportion of these organizations located in Montréal (40% of Montréal organizations).**”
- Tourism organizations welcomed an average of **92% Quebec visitors**, compared with the usual average of 71%. In Montréal, this percentage reached 76% for the summer of 2020.
- In Montréal, sales reached an average of 26% over 2019, despite average traffic equivalent to 28% over 2019, which means that **visitors in 2020 spent less than visitors in 2019.**

Montréal has had a harder time than other regions of Quebec to begin its resilience, since 80% of guests staying in hotels in the city come from outside the province, and, according to 2014 statistics, 59% of spending comes from international tourists, 23% from Canadian tourists and 18% from Quebec tourists.

This coincides with the perception of the organizations responding to the Transat Chair in Tourism survey, which indicates that despite reaching 28% of the usual visitor rate, revenues only reached 26% of usual revenues. Since the proportion of Quebec tourists was on the rise, it is normal that average spending per visitor declined.

Press clippings highlighting the impact of the crisis on Montréal vs. the regions Summer 2020

ACCUEIL | INFO | SOCIÉTÉ | URBANISME |
COVID-19 : TOUT SUR LA PANDÉMIE

Le malheur de Montréal fera-t-il le bonheur des régions?

Le regain d'intérêt pour les régions pendant la pandémie est symptomatique d'une remise en question de la concentration et de l'idéologie métropolitaine, selon un expert.



RADIO-CANADA.CA

Les entreprises touristiques situées en région, en particulier dans les domaines du plein air et de l'agrotourisme, sont celles qui ont le mieux réussi à tirer leur épingle du jeu au cours de l'été, confirme une enquête commandée par le ministère du Tourisme à la Chaire de Tourisme Transat. À Montréal, par contre, on a trouvé l'été difficile et dans certains secteurs, dont l'hôtellerie et la restauration, certains craignent de ne pas survivre à l'hiver.

Publié le 25 septembre 2020 à 0h00



ARIANE KROL
LA PRESSE



Sources: Executive summary – Rapport de la troisième vague de l'enquête sur les impacts de la COVID-19 sur l'industrie touristique au Québec; Radio-Canada; La Presse; Ministère du Tourisme (Ministry of Tourism).

The city usually generates one-third of the province's tourism spending, which was \$4.7 billion in 2017 according to the Ministère du Tourisme.

Between the near closure of office towers and the access issues, downtown stakeholders are particularly suffering

Since the beginning of the crisis, the downtown core has noted a 92% drop in attendance and was gradually left void of tourists, students, and workers. However, it is these customer segments that are usually involved in the revitalization of the district and are the main consumers in the downtown core.

Several observations stand out:



The vacancy rate for office towers in downtown Montréal is rising sharply. In Montréal, this rate climbed to 8.7% from 7.3% the previous month. Moreover, the actual occupancy rate of downtown office space now in terms of capacity is currently only between 5% and 10%.



Certain key customer segments in the downtown core have significantly decreased or even disappeared (office employees, business tourists, residents over the years), especially given the health restrictions related to the pandemic. This drastic drop in attendance has had a catastrophic impact on the revenues of shops, restaurants, cultural and tourist institutions, etc. downtown Montréal has lost its panache. Indeed, while the downtown area usually welcomes 600,000 people daily, including 350,000 workers, last August, only 50,000 people passed through the downtown area.



The reasons for going downtown have changed. To get around the city centre and to face the challenges of access and mobility (construction, parking, etc.), people must have a very good reason for doing so. We need to again make the downtown a destination, beyond the traditional customer segments that have deserted the streets since March 2020.



Industry stakeholders express concern over financial vulnerability and consumer insecurity

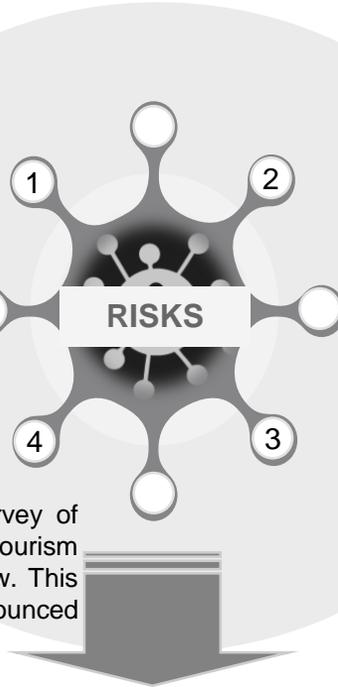
Consumer insecurity

According to a Léger Marketing survey, “the availability of a vaccine or treatment for COVID-19 is the single most important condition that could reassure Canadians about the safety of travel.”

Beyond the feeling of insecurity, both business and leisure tourist habits could change in the longer term (e.g. increased appetite for hybrid events, trips lasting more than a week vs. 2-3 day getaways, wide open spaces vs. cities, etc.). What will be the impact on Montréal's popularity as a destination?

Race for liquidity

More than two out of three respondents (73%) to the survey of tourism stakeholders conducted by the Transat Chair in Tourism (Montreal organizations only) are concerned about cash flow. This concern remains despite government assistance and announced measures.



Accumulated financial loss

More than 14% of respondents said they were concerned about their organization's financial losses and 75% said they were extremely concerned (Montréal organizations only).

The categories of respondents with the highest level of concern are destination management companies and tour operators, convention and meeting venues, and the transportation sector.

Establishments worried about their survival

One organization in three is worried about its survival over the next six months, and these statistics increase to more than one in two in Montréal (55%) according to the Transat Chair in Tourism survey.

4% and 17% of respondents located in Montréal fear that they will have to close down permanently in the fall or winter respectively.

The risk of **breakdown** that the tourism industry is facing means that Montréal could **lose its enviable reputation as a first-rate North American destination.**

Sources: Executive summary – Rapport de la troisième vague de l'enquête sur les impacts de la COVID-19 sur l'industrie touristique au Québec, Transat Chair in Tourism; Press Review; Tourisme Montréal; Global Tourism Watch June 2020; Interviews.

Overall, the tourism industry will be one of the last to recover and the sense of vulnerability is likely to continue until a robust health protocol is established that reduces quarantine, or until a vaccine arrives that will allow borders to reopen completely and restore travellers' confidence.

3

AID MEASURES AND USEFULNESS

Since March 2020, governments have proposed several cross-cutting support measures (1/2)

Among the various government measures aimed at all economic sectors, some have been used and appreciated by businesses in the tourism industry. The table below presents the most relevant ones.

| | | Description | Lead organization | Type of financial support | Amount authorized | Comment |
|--|------------------|---|-------------------------------|---------------------------|---|--|
| Government of CANADA (federal level) | Payment deferral | Deferral of sales tax payments | CRA | Deferred payment | N/A | Open to companies in the sector |
| | | Deferral of income tax payments | | | N/A | Open to companies in the sector |
| | | Deferral of tax return to June 1, 2020, and tax payments until after August 31 | | | N/A | Open to companies in the sector |
| | Wage subsidy | Emergency Wage Subsidy (CEWS) | CRA through the online portal | Subsidy | 75% of salary paid; maximum weekly pay of \$847 per employee. | Open to companies in the sector <u>that have suffered a 30% reduction in revenue</u> |
| | | Temporary Wage Subsidy | | | | |
| Canada Emergency Commercial Rent Assistance (for small businesses) | | Provides forgivable loans to commercial property owners so they can lower the rent of small businesses Type of company: Small business | CMHC | Forgivable loan | Up to 50% of gross monthly rents (not exceeding \$50K) | Open to companies in the sector October 9 announcement on the enhancement of the Canada Emergency Rent Subsidy (CERS) |
| Large Employer Emergency Financing Facility (LEEFF) | | Provides bridge financing to Canada's largest employers to help them retain staff and keep their operations going. Type of company: Large companies | (CDEV) | Interest-bearing loan | \$60M and over | <ul style="list-style-type: none"> The rent subsidy would be offered directly to tenants but would also support the owners of the buildings concerned. It would subsidize up to 65% of eligible expenses. An additional 25% subsidy would be offered to organizations that have had to temporarily close their doors due to a mandatory public health order. |

Sources: Government of Canada Assistance Program; Government of Quebec Assistance Program.

Since March 2020, governments have proposed several cross-functional support measures (2/2)

| | | Description | Lead organization | Type of financial support | Amount authorized | Comment |
|---|---|--|--|---|--|---|
| Government of QUEBEC (provincial level) | PACTE (Concerted Temporary Action Program for Businesses) | Supports companies with cash flow issues as a result of COVID-19. Depending on the size of the company (large or SME), the amount is intended to finance working capital needs greater or lower than \$50,000. Type of company: All | Clients: Investissement Québec (IQ) Non-clients: Financial institution | Interest-bearing loan or loan loss guarantee | More than \$50K or less than \$50K depending on the size of the company | Open to companies in the sector if they can demonstrate that COVID-19 has temporarily affected their cash flow. |
| | In addition to the PACTE, the ABRUMA (Assistance for Businesses in Regions Under Maximum Alert) will be available as of October 1, 2020, for businesses in a red zone | ABRUMA consists of a non-repayable loan (loan forgiveness) effective after the capital moratorium, equal to 100% of eligible expenses associated with the rental or ownership of the building, up to a maximum of \$15,000 per month of closure in a red zone, for a maximum of 80% of the loan amount. Eligible expenses for loan forgiveness include: <ul style="list-style-type: none"> • municipal and school taxes; • rent (the part not covered by another government program); • interest on a mortgage; • insurance; • telecommunication costs; • utility costs (e.g. electricity and gas); • association fees and licences. | | | | Eligible businesses: arcades, amusement centres and parks, water parks; youth hostels; bars and discos, libraries, cinemas and performing arts venues, museums, biodomes, planetariums, insectariums, botanical gardens, aquariums and zoos, restaurants, fitness facilities, reception halls, performance venues, saunas and spas, theatres. Only accommodation establishments with between 4 and 300 rooms are eligible, excluding youth hostels, bed and breakfasts, tourist residences, vacation resorts and educational establishments. |
| | PACME (Concerted Action Program for Maintaining Employment) | Provide financial support to cover training costs and assist businesses that had to downsize their normal operations to keep going during the pandemic Type of company: All types and self-employed workers | Government of Quebec | Subsidy | Up to \$100K to cover 100% of training costs and 50% of expenses between \$100K and \$500K | The program is now closed |

Sources: Government of Canada Assistance Program; Government of Quebec Assistance Program.

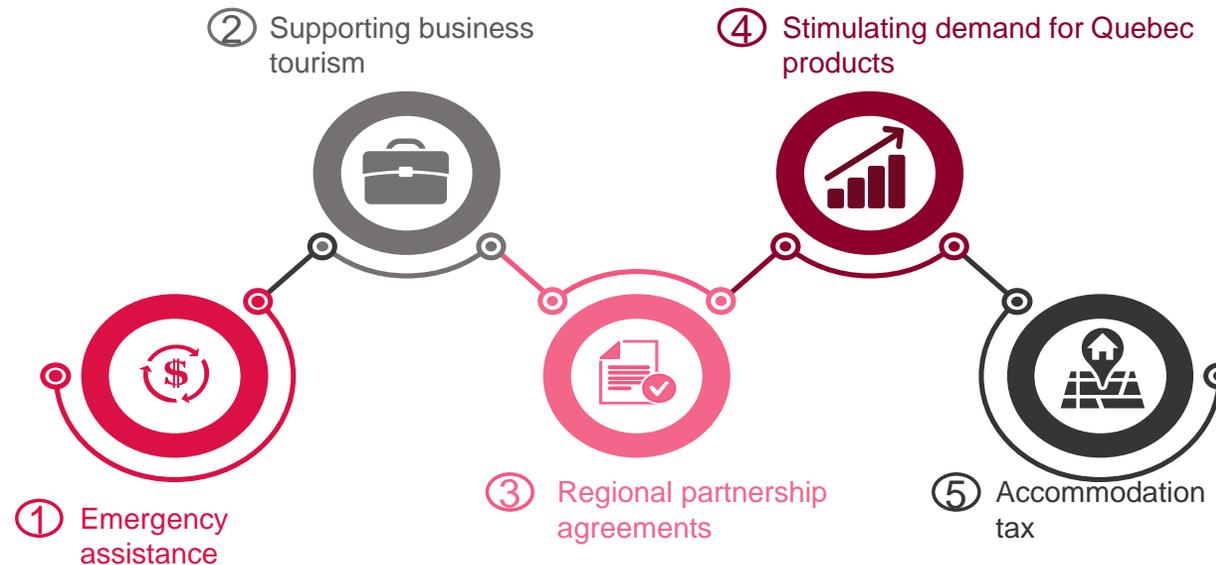
In the summer of 2020, the Quebec government also launched a ~\$750 million support plan for the tourism industry



The Quebec government's plan, which is designed to help the industry get through the crisis, has **three objectives**:

- support companies **during the crisis**;
- support the development of tourism and **stimulate demand**;
- generate **economic spin-offs** in all regions of Quebec.

This plan is based on **five measures in addition to those specific to the Capitale-Nationale and Charlevoix regions**



Sources: Tourism recovery plan; Ministère du Tourisme du Québec.

This plan has been reasonably beneficial for regional tourism during the summer



Emergency assistance

- The PACTE includes: \$446 million for the creation of an emergency component for accommodation establishments and tourist attractions
- Concessional loans and loan guarantees.



Support for business tourism in the hotel industry

- \$200 million for 2020-2021 dedicated to support investment in business tourism in the hotel industry
- In addition to the Support Program for the Development of Tourist Attractions (PADAT) and its residual package of \$48 million



Regional tourism partnership agreements

- \$25 million increase in regional tourism partnership agreements (RTPAs)
 - \$15 million for 2020-2021
 - \$10 million for 2021-2022
- Support tourism development projects in partnership with regional tourism associations and collective projects demonstrating spin-offs for businesses in several regions or sectors



Stimulating demand for Quebec products

- \$20 million for Quebecers who choose to take their vacation in Quebec
- This measure has three components:
 - Explore Québec sur la route (\$10 million)
 - Attractions Passport program (\$5 million)
 - Access to the Société des établissements de plein air du Québec (\$5 million).



Accommodation tax

- \$13.8 million in subsidies equivalent to the amount of the tax on tourist accommodation paid for the first quarter of the year 2020 by hotels and bed and breakfasts.

Sources: Tourism recovery plan; Interviews; Press review; Radio-Canada report "Le malheur de Montréal fera-t-il le bonheur des régions ?"

In response to demand from industry stakeholders, measures have recently been added by the provincial government

DETAILS OF THE MINISTÈRE DU TOURISME'S ANNOUNCEMENT

- **\$38M** for tourist accommodation establishments with between 4 and 299 rooms that lost at least 30% of their revenue in the 2nd and 3rd quarters of 2020, which materializes in:
 - An **accommodation tax (HST) rebate** of up to \$200,000 per establishment, based on the difference in the HST paid for these two quarters in 2020 compared to the same period in 2019
- \$17M granted to the three major regions (Montréal, Outaouais and Québec City) to ensure the survival of strategic tourism assets
- **\$2.5M** specifically for business tourism, which must pursue the long-term planning of its conventions and events and maintain its sector expertise
- **\$3M** over three years directed to the Conseil québécois des ressources humaines en tourisme to maintain long-term sector expertise
- \$5M to the Alliance de l'industrie touristique du Québec to promote the industry outside Quebec



Additional
\$65.6M

In addition to the specific measures for tourism, efforts are being devoted to the revival of related sectors



FOODSERVICE AND LIQUOR LICENCE

Amendments to Bill 61 with concrete measures to lighten and modernize the regulations are intended to allow entrepreneurs to adopt new practices in the sale and service of alcohol, measures that became necessary in the context of COVID-19 (delivery by an intermediary such as UberEats, take-out sales or delivery of alcoholic beverages).

Since several regions, including Montréal, entered the red zone, the government has announced new provincial support measures (ABRUMA program) in the form of a forgivable loan that will cover up to 80% of the fixed costs of establishments having to close their dining rooms, up to a maximum of \$15,000 per month. These measures have been well received by the Association Restauration Québec (ARQ), which believes that the new program gives a good boost to a majority of restaurants located in the red zone that have had to close their dining rooms.

On October 16, the Government of Quebec announced financial compensation for businesses selling alcohol for on-site consumption. The \$5.3 million package will reduce the annual licence fee bill by an amount equivalent to the amount due for four months.



REVIVAL OF THE CULTURAL SECTOR

Injection of nearly \$290M for 2020-2021, including \$110 million in additional investments for the current fiscal year to enable innovative productions and to support cultural organizations and artists affected by the crisis. The aim is to encourage the development of original ways of making contact with the public.

A \$400 million economic recovery plan for the cultural community announced on June 1, to which was added on October 3 a \$50 million increase in additional financial assistance to support Quebec producers and presenters of shows and compensate for a portion of unsold tickets. In addition, the Government of Quebec announced financial support of nearly \$3.7 million for science and technology museums and \$20 million for the next four years.

On October 13, the Government of Quebec announced the creation of a \$3 million regional emergency fund for cultural organizations affected by the COVID-19 pandemic.



GOVERNMENT ASSISTANCE FOR CARRIERS

The federal government has provided assistance equivalent to 1.3% of 2019 ticket revenues for air carriers. Apart from this assistance, air carriers feel they have had little support from governments to date.

In addition to financial assistance, measures have been put in place to help businesses adapt to the new reality

In addition to the financial assistance offered to businesses by governments, the tourism sector has developed tools to support businesses in establishing clear health protocols.

| | Description | Lead organization | Type of aid and amount authorized |
|--|---|---|---|
| Adaptation to health safety standards | <p>Supports businesses in adapting to public health standards in the context of the pandemic.</p> <p>Type of company: Tourist accommodations, attractions, tourist services, outfitters and campgrounds.</p> | Quebec economic development in partnership with the Alliance de l'industrie touristique du Québec | Up to \$30K and a total fund of \$7 million. |
| Tourism central purchasing office | Aggregate purchases of sanitary equipment and supplies for the industry as a whole. | Alliance de l'industrie touristique du Québec | Centralized purchasing power and a 60% volume rebate that will be refunded once a year. |
| Health measures plan | Plan to allow companies to operate in a COVID-19 context. | Alliance de l'industrie touristique du Québec | Common guidelines and measures. |

Source: Alliance de l'industrie touristique du Québec

Continued efforts and enhanced support measures are needed to avoid a wave of closures in early 2021

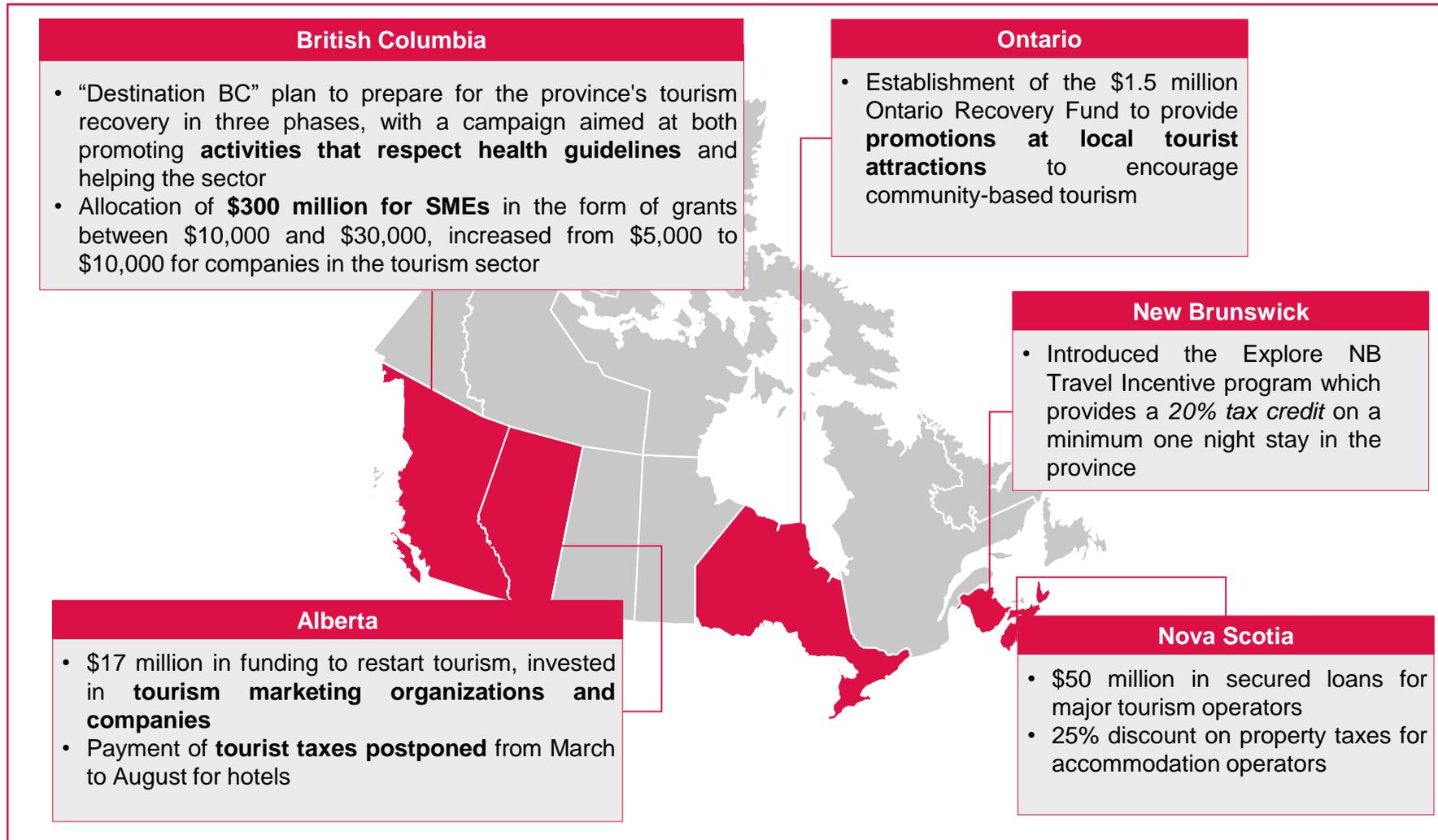
Support for fixed costs and measures to limit the anticipated liquidity crisis

- The industry professionals consulted during the drafting of this plan mentioned that, while certain measures (notably the federal emergency wage subsidy) were appreciated and beneficial for local businesses, the programs used remain mainly in the form of loans, which only postpones the problem for tourism organizations and hoteliers who continue to incur debt.
- The Hotel Association of Greater Montréal (AHGM) in particular deplors “existing support programs that are poorly adapted to the reality of the hotel industry.” It estimates that without further government assistance, almost half of the hoteliers may not be able to survive for more than six months, and points out that 20% of its members admit that they were unable to make the second payment of property taxes.
- Property taxes are based on assessments made on 2018 data and do not reflect current market conditions. In the very short term, consideration should be given to a financial respite on property taxes.

We can't stop there

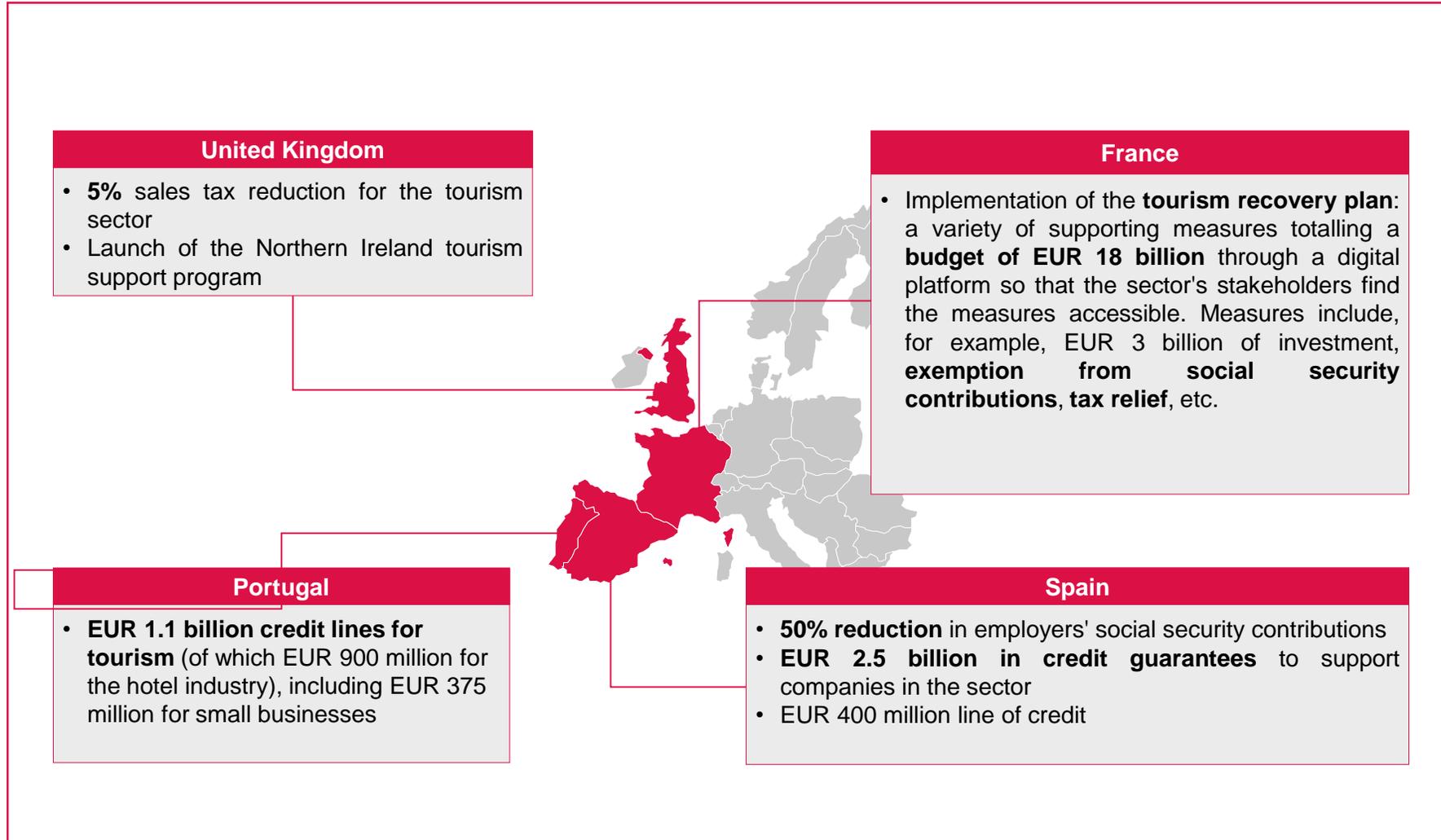
- Governments need to continue their support so that businesses can get through the winter period.
- In particular, the Concerted Action Program to Maintain Employment (PACME) should be continued.
- Beyond the emergency federal rent subsidy, which has been criticized as being of less benefit to smaller businesses and tenants, consideration should be given to support for commercial property taxes (the highest in Canada).

Elsewhere in Canada, provinces are prioritizing the development of local tourism



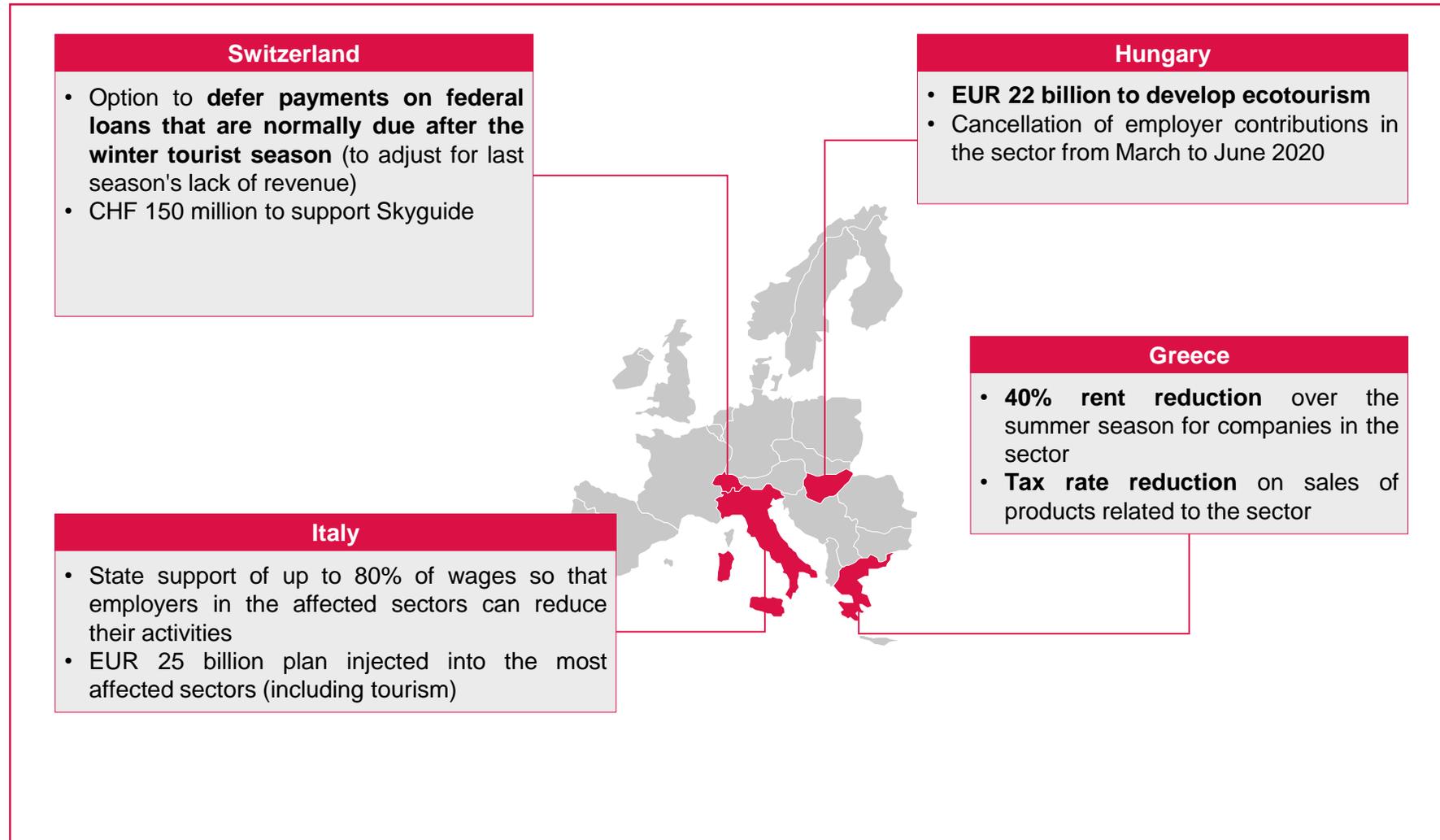
Sources: The Star; Newswire, Destination BC, Alberta Tourism, Alberta.ca; New Brunswick Government Portal, Canada.

Europe is injecting cash into the sector by providing more flexibility with regard to taxes and payroll taxes (1/2)



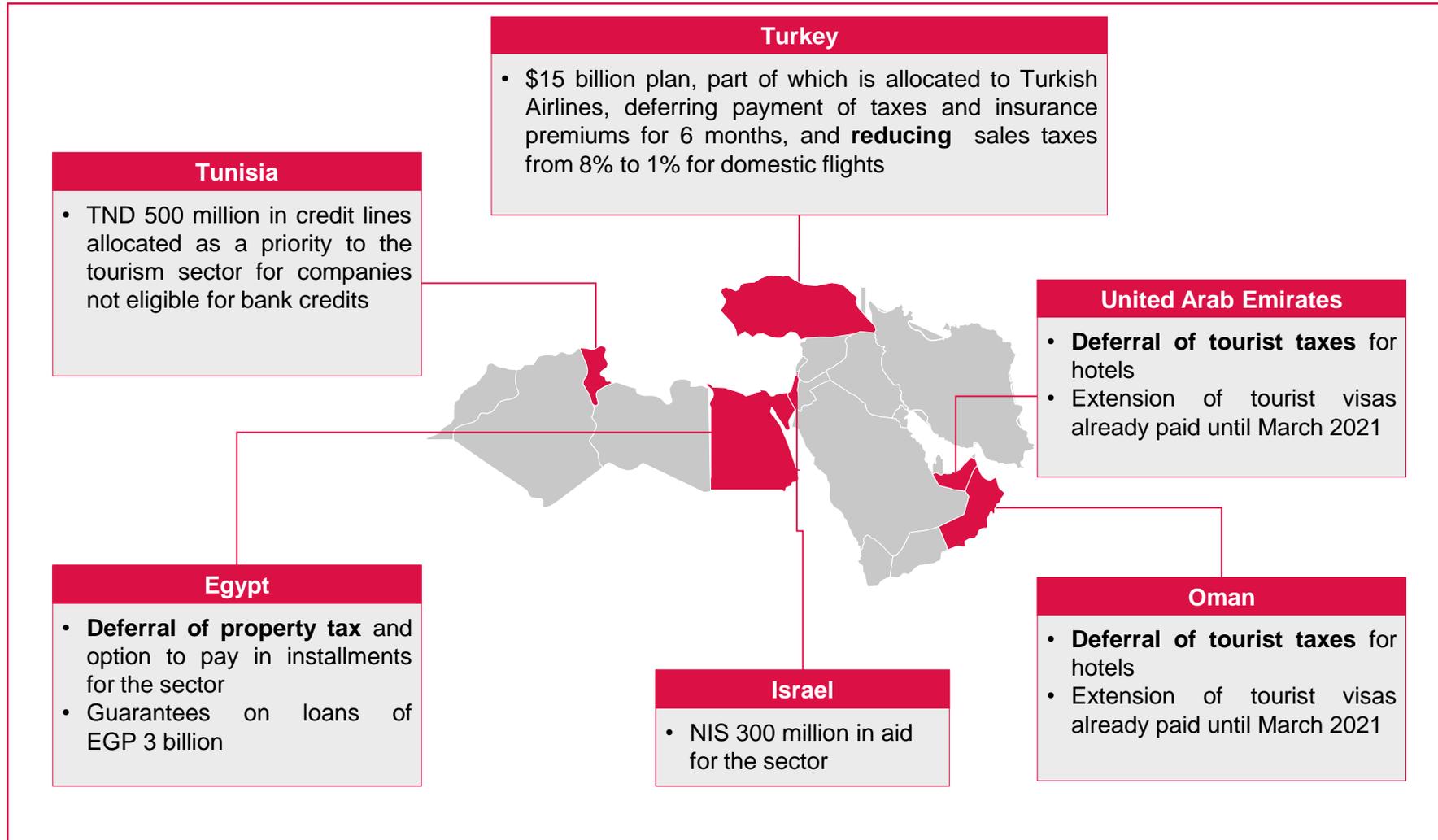
Sources: French Ministry of Economy, Tourism Plan.

Europe is injecting liquidity into the sector by providing more flexibility with regard to taxes and payroll tax (2/2)



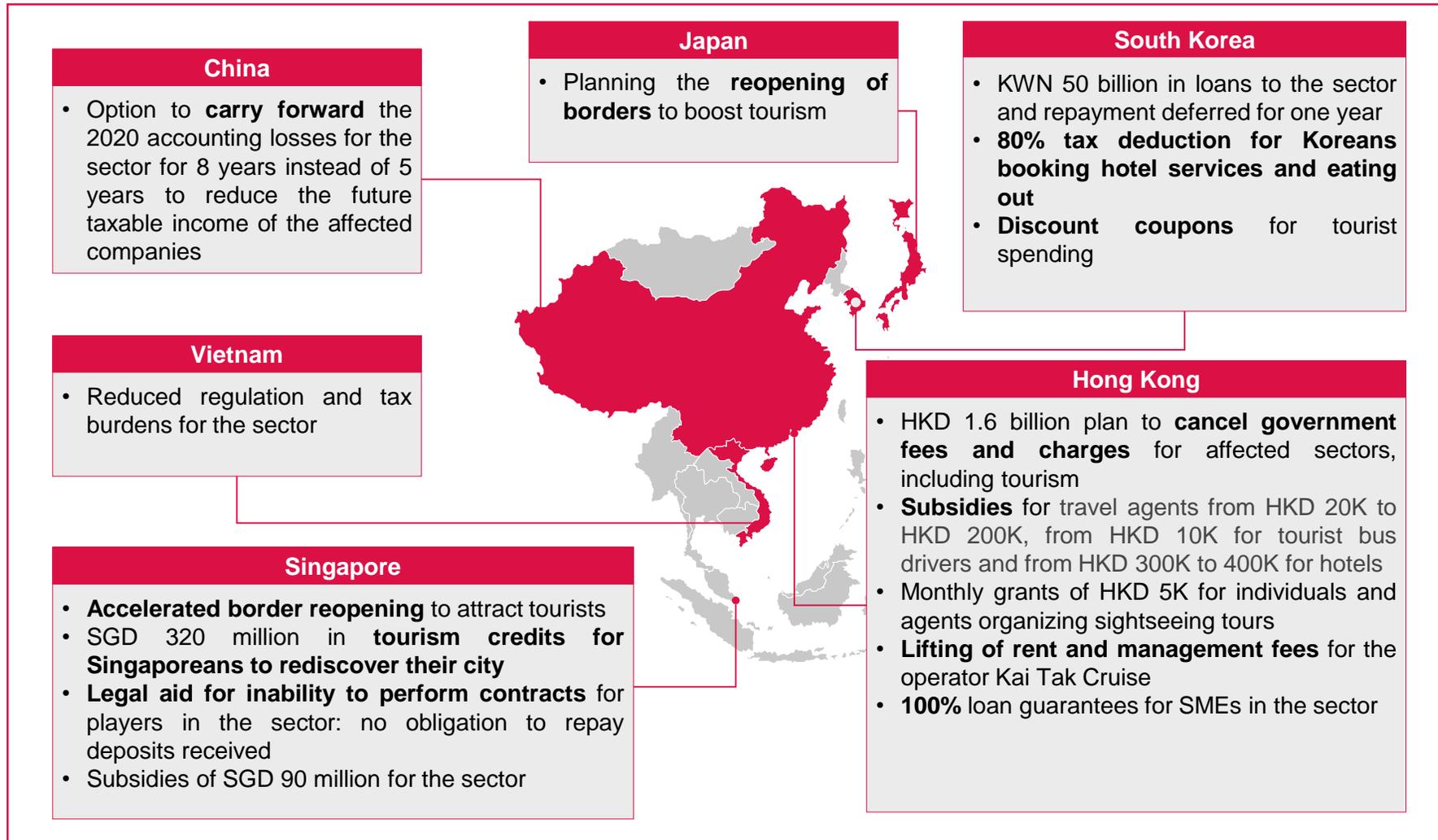
Sources: Bloomberg, Greek Ministry of Finance; EFD; Ministry of Economic Development (Italy); MEF.

The Middle East and the Near East are mainly focused on liquidity management through tax deferral or reduction



Sources: Bloomberg, OmanInfo; Gov.il; cbe.

Asia prepares to reopen tourism after injecting a lot of cash into the sector



Sources: Bloomberg, Traveloffpath.

4

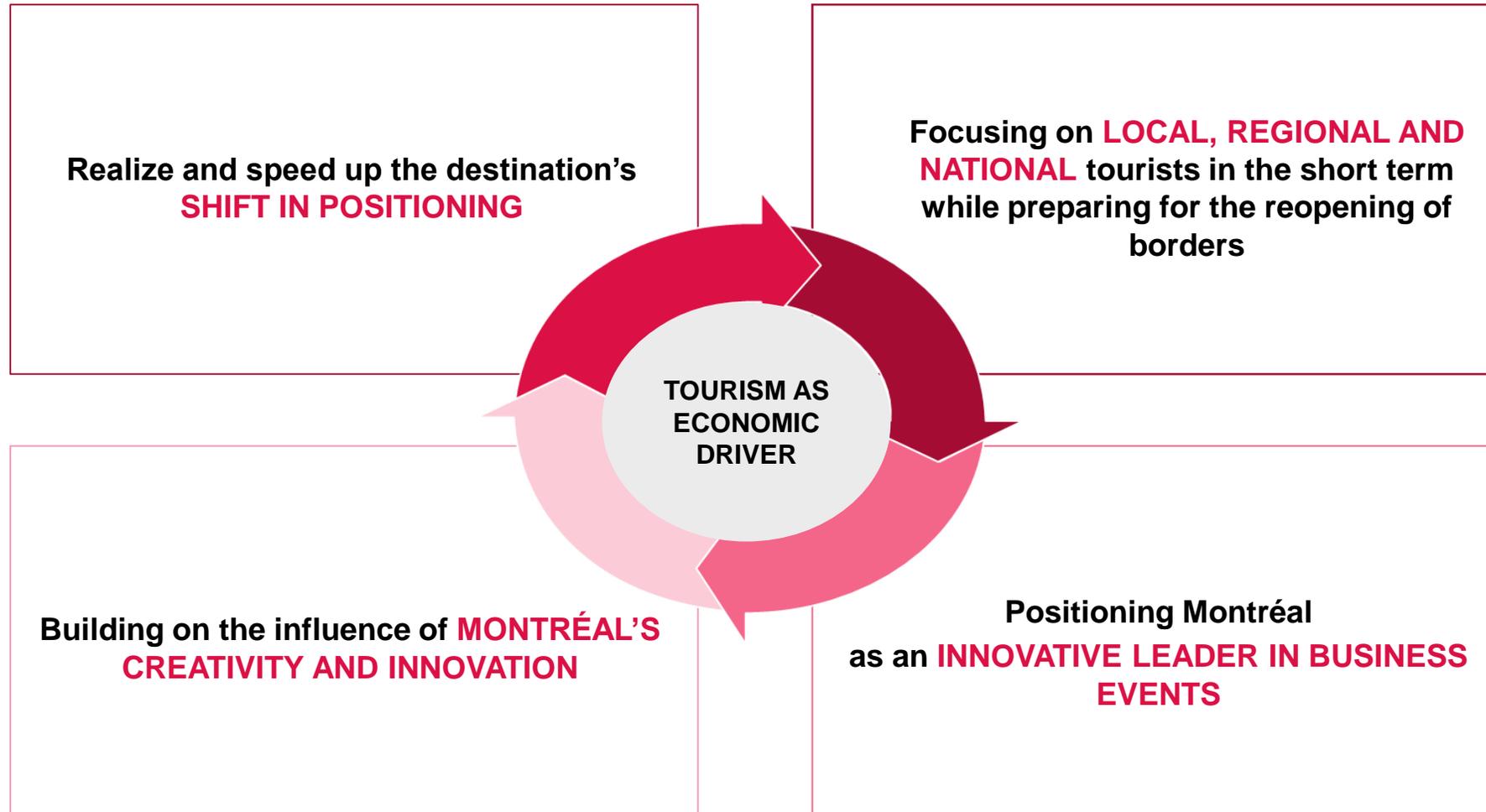
BUSINESS OPPORTUNITIES

Above all, the importance of the tourism sector to the Montréal and Quebec economies must be recognized and measured

Tourism: economic, cultural and social engine of Montréal and Quebec

- The role of the tourism sector as an economic driver: the importance of the spin-offs of the entire leisure and business tourism industry for the economy of Montréal and Quebec.
- Importance of Montréal as a Canadian airport “hub” and as a gateway to other tourist regions in Quebec.
- A “destination stewardship” role: cultural, social and environmental benefits for citizens. Tourism is a source of visitor numbers and revenue that enhances the supply of infrastructure, facilities, attractions and services for citizens, and represents a vector of innovation and leadership within the ecosystem to promote sustainable practices.
- Cross-cutting collaborative governance of all stakeholders involved in the management of the destination, reception and visitor experience (transportation, urban planning, retail, culture, etc.) at all levels in order to act in a concerted and coherent manner to deliver the promise of high quality to residents and tourists.

Montréal must take advantage of the situation to rethink its positioning



The strategic reflection initiated by Tourisme Montréal in connection with the city's positioning must continue



Realize and speed up the destination's **SHIFT** in positioning

- Promote Montréal's diverse qualities and its "authentic" and "natural" aspects (e.g. culture, events, neighbourhood life, architecture, heritage, islands, river, mountain), as well as easy access to neighbouring regions for sports and outdoor activities.
- Focus on a high quality, purposeful travellers rather than volume: visitors who stay longer, enjoy their stay and recommend the destination, return, and become ambassadors of Montréal.
- Continue to develop and promote economically and socially sustainable practices in the various sectors of the tourism ecosystem (hotels, businesses, events and festivals, tourist attractions, etc.).

Current limitations are forcing the industry to review its priority markets in the short and medium term



Focus on short-term **LOCAL, REGIONAL AND NATIONAL** tourists

- Enhance the short-term attraction of the destination for Quebec and Canadian tourists by improving “COVID *friendly*” attractions in the downtown core and districts in all seasons, and offer financial incentives to boost visitor numbers.
- Take advantage of and strengthen links between major Canadian cities to develop networked cultural and entertainment initiatives, thereby fostering pan-Canadian exchanges and tourism.
- Create the winning conditions to provide easy and fluid access to the destination, and a safe health environment that will attract local day-trippers and Quebec and Canadian tourists in the short term, and that will define sustainable standards in the longer term.

... in addition to rethinking the business tourism offer and developing models that go off the beaten track



Positioning Montréal as an **INNOVATIVE LEADER FOR BUSINESS EVENTS.**

- Leverage Montréal's expertise in event planning, multimedia, production, etc. to develop technologically innovative and “spectacular” convention services. Assume international leadership in hybrid events to take advantage of this expertise to create events that promote Montréal's companies and their exports (e.g. C2 MTL).
- Promote promising industries/industrial clusters, entrepreneurs and university networks and take advantage of international conventions to encourage synergies and networking between the various stakeholders.
- Carry out the Palais des congrès expansion project.

Montréal could not stand out internationally without capitalizing on its capacity for innovation



Building on the influence of MONTRÉAL'S CREATIVITY AND INNOVATION

- Use the downtown core as a showcase for Montréal's creativity and innovation: support the execution of innovative concepts, especially festivals and events, that will draw attention across the country and internationally.
- Leverage the potential of digital technology and virtual broadcasts to increase the potential market for attractions and events in Montréal and thus develop new audiences nationally and internationally and to showcase local talent and creativity.
- Capitalize on the MT Lab and its partners in order to be recognized as a North American hub of expertise in tourism innovation and to benefit the entire tourism industry.
- Promote the collection, strategic analysis and use of data (artificial intelligence, big data, etc.) by all stakeholders in the tourism sector in order to better understand needs and behaviours and to enhance the tourism experience (before, during and after the stay).

5

COURSES OF ACTION FOR RELAUNCHING THE SECTOR

Ways to mobilize the industry towards revival

The courses of action presented below are carried out jointly by the Chamber and Tourisme Montréal. They involve three categories of stakeholders (or “targets”): **businesses**, **industry** (entrepreneurial and economic development organizations), and the various **levels of government**.

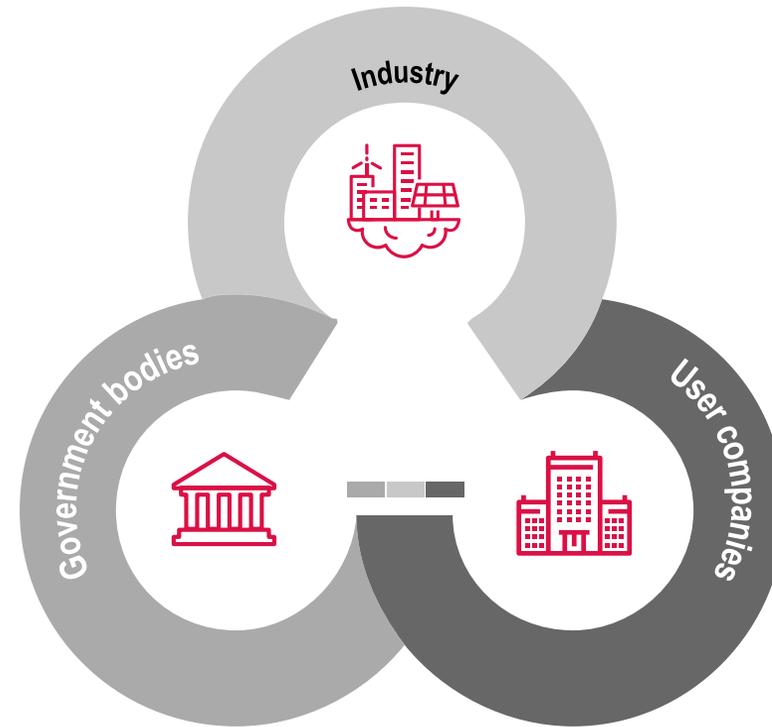
These recommendations are made in a context where companies and public authorities are rethinking the ways to improve their resilience, efficiency, effectiveness and environmental record.

The recommendations presented in the following pages are organized around four main themes:

1. **Ensure the survival of our tourism industry**
2. **Rehabilitate the product and support new initiatives**
3. **Renew Montréal's positioning and image**
4. **Strengthen the competitiveness of the business destination**

Tourism businesses have a key rôle to play to enable Greater Montréal and Quebec to position themselves as a local and international model.

Stakeholders or "targets" of the recommendations



ENSURE THE SURVIVAL AND AVOID THE BREAKDOWN OF TOURISM SERVICES

| Stakeholders and authorities concerned | Recommendations | Horizon |
|---|---|------------|
| Federal government | <ol style="list-style-type: none"> 1. Ensure a gradual and secure reopening of the borders with rapid entry tests to reduce the quarantine period, with the aim of restoring some of the business and VFR (visiting friends and relatives) tourists to Montréal. 2. Develop reciprocity between destinations. | Short-term |
| Governments | <ol style="list-style-type: none"> 3. Ensure the survival of tourism stakeholders in the city through financial measures (e.g. support for property taxes) and by maintaining rent and worker assistance programs as well as subsidies for festivals and events. <ul style="list-style-type: none"> • Pursue and adapt the aid measures aimed at reducing the tax burden on tourism businesses in Greater Montréal (the hotel industry in particular): reimbursement of the accommodation tax, abolition of property taxes for a specified period, adjustment in relation to hotel occupancy rates, etc. • Make the improvements to the federal rent program announced by Ottawa on October 9 effective quickly (and retroactively), adjusting the amounts to reflect the size of the losses and ensuring that the program benefits smaller businesses. • Maintain wage subsidies until the industry is fully recovered and borders reopen. • Maintain government subsidies for festivals and events. • Maintain our flight connections and add new destinations. • Revise the \$753 million tourism recovery plan and redeploy 40% of the unused amounts to Montréal. | Short-term |
| <ul style="list-style-type: none"> ▪ Municipal and provincial ▪ Federal | | |

REHABILITATE THE PRODUCT AND SUPPORT NEW INITIATIVES

| Stakeholders and authorities concerned | Recommendations | Horizon |
|---|--|-----------------------------|
| <p>Industry (deployment) + Municipal and provincial governments (financial support and promotion)</p> | <p>4. Financially support and promote initiatives to stimulate local and national tourism through grant programs, public investments or calls for projects.</p> <ul style="list-style-type: none"> • Develop cultural and gastronomic attractions in the city centre and other neighbourhoods (indoor and outdoor). • Launch and financially support downtown redevelopment projects. • Develop a new product offering with high promotional and visibility potential for the destination, notably through the EPRT financial assistance program and ambitious calls for projects. • Contribute to the commercial rehabilitation of the product. • Support and promote major infrastructure projects (e.g. REM, Old Port, baseball stadium). • Maintain the destination's major cultural and sporting events (e.g. festivals, F1 Grand Prix). | <p>Short to medium term</p> |
| <p>Governments</p> <ul style="list-style-type: none"> ▪ Municipal ▪ Municipal, provincial and federal ▪ Federal + ADM | <p>5. Address issues of access to the island (entry and exit) and to the downtown core, which hamper the fluidity of travel between the various district attractions, tourist sites and hotels, the airport, the suburbs and other neighbouring cities and regions.</p> <ul style="list-style-type: none"> • Offer more free on-street parking, at least during the holiday season. • Ensure synergy between partners on construction sites, in particular through better coordination of the schedules of current and future projects. • Reinforce investments in assets operated by the Aéroport de Montréal (e.g. safe maintenance of runways and infrastructure) and accelerate the launch of the downtown-airport link (REM). | <p>Short to medium term</p> |

REHABILITATE THE PRODUCT AND SUPPORT NEW INITIATIVES

| Stakeholders and authorities concerned | Recommendations | Horizon |
|---|--|-------------------|
| Provincial and federal governments | <p>6. Provide financial support for projects and initiatives that help strengthen the image of Montréal and its downtown core as a “laboratory and showcase of innovation.”</p> <ul style="list-style-type: none"> • Set up public-private contributions (investment funds, grants, calls for projects, etc.) for the implementation of creative and event-driven (“made in Montréal”) initiatives with high visibility and with a potential for export and intellectual property development. • Strengthen the role of government as a catalyst of demand for creative and innovative tourism projects (as a “client,” as an investor/lender in private projects, as a guarantor...). • Establish an economic, digital and ecological transition fund for major festivals with a significant tourism component. | Short-term |

RENEW MONTRÉAL'S POSITIONING AND IMAGE

| Stakeholders and authorities concerned | Recommendations | Horizon |
|---|--|-----------------------------|
| Industry | <p>7. Focus on local and pan-Canadian tourism</p> <ul style="list-style-type: none"> Foster partnerships between major Canadian cities and regions close to Montréal to mutually promote domestic tourism. Enhance and promote our attractions related to nature and the outdoors (neighbourhood life, architecture, heritage, islands, river, mountains, etc.). Increase the average length of stay, by developing offers in collaboration with the regions bordering the city. | Short-term |
| Industry | <p>8. Accelerate the repositioning of Tourisme Montréal and the diversification of the destination's attractions, and launch an implementation plan.</p> | Short-term |
| Industry and companies | <p>9. Encourage the development of a coordinated destination whose exemplary practices promote sustainable and growth-oriented business practices.</p> <ul style="list-style-type: none"> Develop more sustainable tourism by maximizing the economic, social and environmental benefits of our industry. Promote harmony between residents and tourists. | Medium term |
| Provincial government + Industry | <p>10. Integrate health safety issues into long-term tourism industry protocols to demonstrate Montréal's leadership as a safe (in terms of health) destination over the long term.</p> <ul style="list-style-type: none"> Maintain Montréal's reputation in the North American market as a highly safe destination. | Short to Medium term |

RENEW MONTRÉAL'S POSITIONING AND IMAGE

| Stakeholders and authorities concerned | Recommendations | Horizon |
|--|---|--------------------|
| Industry + Companies + Municipal government | 11. Leverage the strategic use of data (artificial intelligence, big data, business intelligence, etc.) to target campaigns and enhance the visitor experience (with a view to customer centricity) in collaboration with all stakeholders (industry, city and businesses). <ul style="list-style-type: none">• Anticipate changes in consumer behaviour in order to adapt the industry's strategies (digital and business). | Medium term |
| Industry | 12. Favourably position Montréal in international markets as one of the first destinations in North America to rebound in its priority markets. | |

STRENGTHEN THE COMPETITIVENESS OF THE BUSINESS DESTINATION

| Stakeholders and authorities concerned | Recommendations | Horizon |
|---|---|-------------|
| Municipal and provincial governments | 13. Support initiatives to increase Montréal's competitiveness as an innovative international leader in business events, and put this expertise to work for the benefit of Montréal businesses. | Short-term |
| Industry | 14. Accelerate the transformation of the business model and the integration of digital technology into conferences, trade shows and other commercial events to respond to new post-COVID consumption habits. | Short-term |
| Industry | 15. Increase the synergies and networking between the industry, business, research and knowledge communities (university networks, students, professors, researchers, etc.) and their ability to network externally. | Medium term |
| | 16. Consolidate Montréal's position as a premier destination in North America. <ul style="list-style-type: none"> • Make our business proposal a reality, through campaigns and by promoting the destination's promises. • Maintain the varied and significant inventory of rooms in Montréal's hotels in order to attract and host major national and international events and conventions. • Confirm and start the expansion of the Palais des congrès de Montréal. | |

APPENDICES

- Bibliography
- List of organizations consulted
- Glossary

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| ORGANIZATION | NAME | TITLE |
|---------------------------------------|----------------------|---|
| Hotel Association of Greater Montréal | Eve Paré | President and CEO |
| Air Transat | Annick Guérard | COO |
| Air Canada | David Rheault | Director of Government Community Relations |
| C2 MTL | Jacques-André Dupont | President and founder |
| RIO | Michel Labrecque | President and CEO |
| Conseil des arts | Nathalie Maillé | Executive Director |
| REMi | Martin Roy | President and CEO |
| Palais des congrès | Robert Mercure | President and CEO |
| ADM | Philippe Rainville | President and CEO |
| Destination centre-ville | Emile Roux | General Manager |
| Board of Tourisme Montréal | Andy Nulman | Professor, Faculty of Management, McGill University |
| Association Restauration Québec (ARQ) | François Meunier | Vice President, Public and Government Affairs |
| Sheraton Hotel | Bertil Fabre | General Manager |

Glossary

| TERMINOLOGY | DEFINITION |
|-------------------|--|
| Day-tripper | Participant/visitor who makes a return trip on the same day outside their usual place of residence and whose place of residence is located within a radius of more than 40 kilometres. |
| Local | Person who resides within a radius of less than 40 kilometres. |
| Air movement | Movement that includes departures and arrivals. |
| Tourist | Persons who stayed for one night or more, but less than one year, outside their city and used commercial or private accommodation. |
| Business tourist | Tourist who travels in a professional context (e.g. participation in a conference). |
| Local tourist | Tourists who discover the attractions of their own region within a radius of less than 100 kilometres. |
| Quebec tourist | Tourist residing in Quebec. |
| Passenger traffic | Movement including landings and boardings. |
| Visit | The level of attendance at tourist attractions in Montréal is calculated using the number of visits. The number of visits does not distinguish between locals and different types of tourists. In addition, a person could be counted more than once if they visit the same tourist site more than once during the period. |

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