

# Inhospitable: How hotel employers take government relief and leave workers out in the cold

*No feminist recovery likely in hotel sector as employers use pandemic firings to undercut economic security of hard-hit women and racialized workers.*

Federal Finance Minister Chrystia Freeland's newly tabled 2021 Budget unveiled an extension of the Canada Emergency Wage Subsidy (CEWS) and a new hiring credit, the Canada Recovery Hiring Program (CRHP), to make it easier for businesses to hire back laid-off workers or bring on new ones, among other relief programs. This is the latest round of supports since the announcement of the Highly Affected Sectors Credit Availability Program (HASCAP) in February to help hard hit sectors, such as hospitality, during the pandemic with an eye toward economic recovery. Notably the government has presented the 2021 budget as one embracing feminist economic policy to aid working women and marginalized groups.

On paper, these efforts are laudable. In reality, the government is offering subsidies to hotel employers who are undercutting the path for women and racialized workers to participate in an inclusive recovery. To ensure a feminist recovery in the hospitality sector, government subsidies should be targeted to employers who *retain* their pre-COVID staff rather than fire and replace them.

## New Hiring Benefit Should Prioritize Laid off Pre-COVID Staff

In her budget address, Minister Freeland emphasized the government's priority of pivoting to economic recovery once Canada emerges from the current wave of pandemic lockdowns. Minister Freeland said, "[W]e must punch our way out of the COVID recession. That means ensuring lost jobs are recovered as swiftly as possible, and hard hit businesses rebound quickly. It means providing support where COVID has struck hardest - to women, to young people, to low-wage workers, and to small and medium-sized business, especially in hospitality and tourism."<sup>1</sup>

To that end, the government will offer another employer-centered subsidy to hard hit businesses, the CRHP. Eligible employers can tap the new hiring subsidy covering up to 50% of incremental payroll costs or use CEWS, whichever is higher. This comes in addition to the extension of CEWS, the Canada Emergency Rent Subsidy (CERS), \$500 million for a Tourism Relief Fund and another \$100 million for destination marketing within Canada.

In March 2021, the president of the Hotel Association of Canada testified before the House of Commons Finance Committee citing that 70% of hotels surveyed would go bankrupt without an extension of CEWS, which she noted was critical to hang on to employees, and CERS.<sup>2</sup> Yet, the crush of bankruptcies and closures in the hotel sector is unlikely. Hotel owners are sitting on valuable real estate and more likely to sell their hotels than fall into bankruptcy, particularly in an industry that will rebound quickly when travel restrictions are lifted.

There has been, however, a massive wave of layoffs. Between January 2020 and January 2021, nearly 455,000 workers lost their jobs in the accommodations and food service sector alone, a decline of 34%.<sup>3</sup>

Government relief programs have not required employers to retain their staff during the COVID crisis as a condition of receiving grants, government backed loans or other aid. Nor are there federal or provincial rules that obligate employers to return workers to their jobs as the industry recovers from this extraordinary crisis. Instead, hospitality employers have terminated workers during the pandemic recession and will likely replace them when the industry rebounds.

While full details have not been released, the new hiring subsidy may be available to hotel employers who failed to use CEWS to keep their full workforce intact, terminated much of their staff rather than commit to retain them, or who plan to replace former staff with cheaper labour. This primarily hurts women and racialized workers who make up much of the hotel industry's hourly workforce. Without any conditions or clawbacks, the new federal hiring subsidy will likely reward bad corporate behaviour.

## Hotels Use CEWS, Fire Workers Anyway

In the lead up to the 2021 budget, the Coalition for Hard Hit Businesses, of which the Hotel Association of Canada and other regional hotel associations are members, wrote to Minister Freeland advocating for an extension of CEWS and CERS in the new budget. They claim the majority of hard-hit businesses will not survive without the extensions. The Coalition touts they want to protect two million jobs whose employees are “predominantly women, young people, Indigenous and new Canadians” who have been particularly hard hit by the pandemic.<sup>4</sup> This is a common refrain.

Last fall, when the Coalition for Hard Hit Businesses launched their campaign for an earlier round of extended government supports, Susie Grynol, president and CEO of the Hotel Association of Canada, drew on the plight of workers to call for an extension of CEWS. “With COVID restrictions ongoing but government support fading, many of the hardest hit businesses will not survive and those jobs will be gone forever.” Recognizing the diverse nature of its hourly workforce, Grynol added, “The best and most empowering way to support these workers is to allow them to keep their jobs.”<sup>5</sup>

Yet, as the hospitality industry lobbies to “protect” workers, hotels are firing them:

- **Sheraton Ottawa:** In March 2021, Sheraton Ottawa terminated most of its long-term workers with less than one week’s notice. Although the owner, Chateau Ottawa Hotel Inc., tapped CEWS for this hotel,<sup>6</sup> management fired 70 of its 85 workers. Many of them are women; some worked at the hotel for more than two decades. For months, workers urged hotel management to extend job security so they could return to their jobs when the COVID-19 crisis is over. Hotel management refused. The hotel’s parent company, Keck-Seng, reported that it received nearly (CDN) \$500,000 from Canada’s wage subsidy program.<sup>7</sup>

A former employee of the year, Julie annually took her kids to the company Christmas party and even held her wedding at the hotel. Julie received no letter or phone call from the Sheraton Ottawa when the hotel fired her along with 69 of her coworkers. “None of us saw this coming. It’s really hard for us. [About] 25 per cent of the workers had been there for more than two decades. Everyone loved their jobs and it felt like family. The idea of not having our jobs to come back to has devastated so many of us. Now we don’t know what we’re going to do.”



—Julie Borris, a Banquet Chef at the Sheraton Ottawa for over 15 years who was terminated in March 2021.

- **Hilton Vancouver Metrotown:** Workers have sought a commitment from hotel management to return them to their jobs when the work becomes available again. Management refused and fired nearly 100 workers in recent weeks, including those who opened the hotel in 1999. The hotel's owner and operator, DSDL Canada Investments<sup>8</sup> and Crescent Hotels and Resorts, are named in the CEWS Registry – as is a third company tied to the hotel, Burnaby Crescent Hotel Employer Company Ltd. None of the hotel's laid-off staff were covered under CEWS. On April 16, 2021, the hotel locked-out workers after refusing to commit to return them to their jobs and wants to drastically reduce wages and eliminate workers' current health and pension benefits. The hotel also cut off laid-off workers' EI benefits after initiating the lockout.
- **Pacific Gateway Hotel:** Pacific Gateway workers were displaced when the federal government took over the hotel last year under a quarantine order and brought in Red Cross to perform their duties. The federal government has extended its contract several times and has looked the other way as hard-hit workers, many of them immigrant women, pay the price. The hotel terminated over 140 workers, two-thirds of them women. The hotel made clear its intention to fire all laid-off workers who have been out of work for over 12 months. The hotel is using the temporary COVID-19 crisis to propose permanent changes to make the work more precarious, such as reducing living wage jobs to minimum wage and eliminating workers' current union health and pension benefits. The hotel's owners, PHI Hotel Group, a hotel developer, and Van-Air Holdings, a holding company, are listed in the CEWS Registry.
- **Pan Pacific Vancouver at Canada Place:** Pan Pacific's hotel owner, Ocean Pacific Hotels Ltd<sup>9</sup>, is listed in the CEWS Registry. However, it is unclear who actually benefitted from the wage subsidy. Pan Pacific has terminated close to 100 workers. Between rounds of mass firings,



"I helped open my hotel 21 years ago. I raised my children on this job and thought I would retire there. Our hotel didn't use CEWS for those of us put out of work. Instead, they terminated 97 of us and locked out our co-workers because they want to replace us with cheaper hires. This was a good job, now they want to roll everything back. It doesn't feel like we're in this together at all. Will the government really reward Hilton Metrotown by giving them another subsidy? That isn't right."

— Baljinder Kahlon, a housekeeping supervisor for 21 years at Hilton Vancouver Metrotown until she was terminated recently along with 96 of her co-workers.

management induced workers to sign a waiver giving up their regular full-time and part-time status to become casual, on-call workers and give up their severance rights. In exchange they were promised health benefits and \$250.<sup>10</sup> Some who signed the waiver were fired anyway, and management terminated workers' health coverage several months later. Workers have filed two class action lawsuits against hotel management over wrongful termination, failure to pay proper severance and for ceasing workers' health coverage in breach of their contract. Out of the remaining 200 staff who have not been called in for shifts, Pan Pacific applied for a provincial variance to extend temporary layoffs for only 16 of them.

These hotels are not outliers (See Appendix). The government gave employers maximum flexibility to determine how to apply CEWS, if employers use it at all, while workers have no recourse to reclaim their jobs after the COVID-19 crisis is over.

Meanwhile, employers are using the temporary COVID-19 crisis to propose permanent changes to make the jobs more precarious. Hotels like Hilton Metrotown, which recently locked-out its workers, are using the pandemic as an opportunity to roll back significant economic gains made by workers in recent decades.<sup>11</sup> A BC hotel association representing over 32 hotels, motels and other establishments across the province has issued lockout notice to 1,200 workers in order to eliminate job recall protections, reduce workload protections for hotel housekeepers, and eliminate workers' current medical and pension benefits.

Hospitality jobs will eventually rebound, and workers hardest hit by the pandemic deserve to be first in line to get their jobs back. When hotels take advantage of the pandemic to drastically slash and burn staff levels, this disproportionately impacts women, who account for over 60% of the sector's workers, as well as immigrant workers who are more likely to work in accommodation and food services than in other industries.<sup>12</sup> Immigrant and racialized workers are also highly concentrated in large urban hotel markets that have been harder hit by pandemic travel restrictions.

The proposed CEWS extension through September 2021 only comes with a clawback provision in instances where top executives of publicly traded companies increase executive pay. The government has not prioritized clawbacks for private sector employers who tap government relief programs while upending any pathway for workers to return to their jobs after the pandemic. Without any detailed public reporting on how long employers use public subsidies, how many workers are actually covered, or how much employers receive in public funds, employers will continue to elude accountability.

## **Who is benefitting from CEWS?**

In 2019, over 1.2 million workers were employed in Canada's accommodation and food services sector in over 118,000 establishments.<sup>13</sup> Yet, when applications for CEWS reached its peak in August 2020, approximately 37,000 applications, or 31%, of all accommodation and food service sectors establishments were approved for CEWS.<sup>14</sup> By the January to February 2021 claim period, the number of applicants fell to approximately 13,000, or 11% of all establishments.<sup>15</sup>

Given the doomsday scenarios presented by the Coalition for Hard Hit Businesses and the Hotel Association of Canada prior to the table 2021 budget, one would expect the number of establishments applying for CEWS to be far higher.

## **“Vulnerable” workers are a talking point for the hotel industry to obtain government relief**

The fate of ‘vulnerable’ workers has been a key lobbying point for the hotel industry ahead of every round of calls for an extension of CEWS and other federal aid delivered to the sector. When the industry lobbied for more liquidity in the form government-backed loans in November 2020, the head of the Hotel Association claimed half of Canada’s 8,300 hotels could go out of business and devastate “vulnerable Canadians, predominantly women, millennials, immigrants and visible minorities.”<sup>16</sup>

In response to pleas from the tourism and hospitality sector, government created the Highly Affected Sectors Credit Availability Program (HASCAP) which allows any viable pre-pandemic business in a hard-hit sector to apply for fully government-backed loans up to \$1 million at 4% interest over 10 years.<sup>17</sup> The industry also called for liquidity relief on a per property basis, which benefits larger hotel companies with multiple properties. Hotels can tap HASCAP for loans on multiple properties up to a cap of \$6.25 million.

While the program offers liquidity for hospitality businesses, it also effectively serves as a back-door bailout to banks who lend to businesses like hotels. Hotels are commercial real estate investments as much as they are hospitality operations. From 2010 to 2019, the industry had \$19.8 billion in real estate transactions, including \$1.7 billion in 2019 alone.<sup>18</sup> The banks that financed those transactions stand to benefit from HASCAP, and many of them were also tapped to facilitate HASCAP loans.<sup>19</sup> No public information is currently available on recipients of HASCAP but big hotel lenders like Canadian Western Bank, BMO, and RBC hold billions worth of real estate debt in the leisure, hospitality, and accommodations industries.

Again, the government took a negligible step to impose conditions on HASCAP recipients. The government requires only that businesses have tapped either CEWS or its rent subsidy program CERS for three months within the eight-month period prior to applying for HASCAP.

It is disingenuous for the industry to lobby the government on behalf of marginalized workers that the industry has no intention of protecting or defending. For its part, the federal government has been either myopic or negligent in its employers-only focus on industry relief. Workers will fall further behind in the economic recovery as long as government fails to impose real conditions on sectoral relief that protects workers.

## The Way Forward

On International Women’s Day, Prime Minister Justin Trudeau said, “This crisis has created a she-cession and has threatened to roll back the hard-fought social and economic progress of all women.” Trudeau continued, “To build a fairer and more equal Canada, we must ensure a feminist, intersectional recovery from this crisis.”<sup>20</sup> Whether this statement holds true for hospitality workers remains unclear. For an industry dominated by low-wage women workers, many of whom are racialized and immigrants, one test of any feminist economic recovery will be whether the government allows the hospitality industry to run roughshod over its workforce.

Other jurisdictions are beginning to address this question by adopting worker recall protections for workers laid-off due to the COVID-19 pandemic. Over 16 U.S. municipalities have adopted “Worker Recall” ordinances to deal with the impact of pandemic jobs losses in hard hit sectors.<sup>21</sup> The ordinances typically require employers to offer work to qualified former employees, in order of years of service, when the jobs become available again. Workers will have right of first refusal to return to their jobs before outside hires are made. Most recently, the State of California adopted groundbreaking statewide legislation that provides hospitality workers a right to return to their jobs when the work comes back.<sup>22</sup>

## Recommendations

The government’s budget is presented as one that will ensure lost jobs are recovered quickly. There are several ways to make this more meaningful to hospitality workers:

- The new CRHP should be directed to employers who give priority to their laid off pre-Covid employees and provide them an opportunity to accept or decline offers of employment *before* hiring new staff to replace them.
- Expand CEWS clawbacks to apply to private employers who use mass pandemic firings as a tactic to replace and undermine economic stability for marginalized workers.
- The federal government should work with provinces to explore worker recall protections that provide hospitality workers a pathway back to their jobs after the COVID-19 crisis is over and work is available again.

As long as government fails to take a comprehensive approach to sectoral relief that prioritizes retention of those hardest hit workers, they will be left further behind in the economic recovery. Retaining workers and ensuring good, quality hospitality jobs for women, people of colour and others who have long served the industry should be a critical part of a just and feminist recovery.

“If COVID has taught us anything, it’s that we’re all in this together. Our country cannot prosper if we leave hundreds of thousands of Canadians behind.”<sup>23</sup>

—Minister of Finance Chrystia Freeland,  
2021 Budget Speech, April 19, 2021

## Appendix:

### Sample List of Hotel Employers Who Tapped CEWS, Fired Workers or Won't Commit to Recall

Business Listed in CEWS Registry	Hotel*	Ownership Type	Notes
Chateau Ottawa Hotel Inc	Sheraton Ottawa	Foreign Owned Enterprise	Fired 70 out of 85 workers
Gillin Engineering & Construction Ltd	Lord Elgin Hotel	Independent	Only temporary extension to recall rights
DSDL Canada/Hilton	Hilton Vancouver Metrotown	Foreign Owned Enterprise	Fired 97 long-term staff; locked-out workers
Crescent Hotels & Resorts Canada	n/a	Hotel Operator	Crescent manages hotels across Canada, including Hilton Metrotown
Burnaby Crescent Hotel Employer Company Ltd	Hilton Vancouver Metrotown	Hotel Operator	Related to Hilton Metrotown
Ocean Pacific Hotels Ltd	Pan Pacific Vancouver	Hotel Corporation	Fired nearly 100 long-term staff; two class action lawsuits filed by workers
PHI Hotel Group; Van-Air Holdings	Pacific Gateway Hotel***	Developer	Fired over 140 long-term workers at Pacific Gateway Hotel;
Nanaimo Bastion Hotel Corp	Coast Bastion Inn	Pension Fund	Fired workers; no recall commitment
Richmond Inn Hotel Ltd	Sheraton Vancouver Airport	Developer	No recall commitment
Waterfront Hospitality Inc.	Fairmont Waterfront	Hotel Corporation	Fired workers
Abercorn Inns (2012)	Abercorn Inn Vancouver Airport		Fired workers
Loon Properties (Element Burnaby) Inc.	Element Vancouver Metrotown		Fired workers
Harrison Hot Springs Resorts & Spa Corp	Harrison Hot Springs Resort & Spa	Foreign Owned Enterprise	
1137422 B.C. Ltd	Four Points at Vancouver Airport	Developer	Fired workers and denied severance payments
KBK No 11 Ventures	Shangri-La Vancouver	Developer	Fired workers
Atlific Hotels	n/a	Hotel Corp	Operates multiple hotels across Canada
n/a	Hotel X Toronto	Private Equity	Approx 200 subcontracted workers were fired
n/a	Coast Victoria**	Foreign Hotel Corp	Fired workers; no recall commitment
n/a	Coast Inn of the North**	Foreign Hotel Corp	Fired workers; no recall commitment

\*Hotel associated with corporate name, based on various corporate records.

\*\*Coast Victoria and Coast Inn of the North fired long-term workers but no confirmed record of using CEWS.

\*\*\*Van-Air Holdings is directly affiliated with Pacific Gateway Hotel.



## Endnotes

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