

FDFA waits to learn the details to qualify for HASCAP & gain support



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Although taking calls and scheduling meetings from home, with the spread of COVID-19, Barbara Barrett, Executive Director, Frontier Duty Free Association (FDFA), is working with the same appetite for advocacy. With the global pandemic causing the association to shift its focus, it was announced late last year that FDFA would participate in the Coalition of the Hardest Hit Businesses (CHHB) in order to lobby Canada's federal government for additional support and resources for industries especially struggling due to COVID-19 restrictions.

On December 1, 2020, Chrystia Freeland, Deputy Prime Minister & Finance Minister of Canada, released the government's Fall Economic Statement, which features a list of support measures. Although Barbara is pleased that the travel retail and duty free industry has been "prominently" addressed in the fall statement via the creation of the Highly Affected Sectors Credit Availability Program (HASCAP), she shares "the devil is in the details." With the details to be released in the next two weeks, the program is expected to come into play at the beginning of February. At the center of the waiting game: the interpretation of the program by the Canada Revenue Agency (CRA), who is responsible for administering HASCAP. It's up to Barrett and her team to ensure that the duty free industry doesn't "fall through the cracks" by explaining the reason(s) its shops, stores and retailers qualify for all aspects of the program.

To date, Canada's land border shops are reporting a revenue decrease of 95 - 97% with only some open to essential travelers and workers. "Any liquidity program that is available to [duty free stores] to get them through to the other side of this nearly one year of closure is welcome and essential, and HASCAP will be a key element of this," comments Barrett. For the time being, the extension of Canada Emergency Rent Subsidy (CERS) and the increase of the maximum wage subsidy until March 13, 2021, has allowed many duty free stores to survive.

Listed as another targeted support measure of the fall statement: providing a top-up of \$500M to Regional Development Agencies and the Community Futures Network of Canada. Through to June 2021, the federal government will reserve a minimum of 25% of all the Regional Relief and Recovery Fund's resources to support local tourism businesses. Again, the outcome is subject to interpretation. The necessary top-up is designated for businesses that are closed as a result of a health measure. The FDFA interpretation is that the duty free stores should qualify for the top-up because the border between Canada and the United States of America is closed as an agreement as a health measure between the two governments.

"The way that our stores are set up is that we're a sterile environment that you can't go into unless you exit into the United States. With the border being closed, it cuts off our customers. We're really working hard on trying to get the CRA and government officials to understand that we qualify for the 25% top-up," explains Barbara.

As a leading member of CHHB, FDFA is working closely with the Hotel Association of Canada, the Tourism Industry Association of Canada (TIAC) and a number of other names to strengthen its commitment to the industry. Similar to arts, culture, tourism and hospitality, travel retail and duty free is considered a niche business sector. Before the pandemic, not under the umbrella of CHHB, FDFA served as a member of TIAC and collaborated with these association and industries to initiate change. This time around, the nature of the coalition is "we're all in this together."

"The [CHHB] is important to us because we're a small, niche industry that is dependent on the tourism industry. It was important for us to join together with associations who are bigger and have a louder voice, but who are working toward the same goal," adds Barrett.

With the cancellation of the 2020 FDFA Convention, the association formed its Until We Meet Again virtual series to connect, engage and share a laugh - or two. Noting that the best part of its annual convention is the ability to socialize and conduct business on a personal level, Barrett describes the series as a way to stay in touch. Featuring a list of friendly contests, competitions and challenges, Until We Meet Again involves announcing a winner, creating a personal video and sharing the clip to social media.

With a hybrid exhibition model of physical and digital the way of the future, Barbara says it's too early to make a 2021 announcement. Fingers crossed; we'll meet again sooner than later.