

TIAO Provincial Survey #6 Report, June 25th 2020

Overview

In the wake of the World Health Organization declaring COVID-19 a global pandemic, and the subsequent rolling out of border restrictions, calls for physical distancing and all necessary state restrictions to protect public health, we set out to design a survey to measure the impact on tourism businesses and workers across Ontario.

Why Data Collection Matters in a Crisis:

When a crisis begins to unfold, the key is to begin to track the impact immediately in order to be able to develop strategies and recovery methods. Having learned from the impact of SARS, we knew that it would be critical to quickly begin tracking the impact on the tourism operators across the province to inform what the Economic Recovery Packages will need to include.

Data is everywhere, but it is often collected in uneven ways. For that reason, the Tourism Industry Association of Ontario (TIAO) took on the role of collecting on behalf of the province with the support and collaboration of the Regional Tourism Organizations (RTOs). This role allows for our data analysis to represent the state of tourism and hospitality in Ontario, in order to have a direct impact on the provincial and federal decision making around industry relief.

Survey Design:

We designed the surveys with key considerations given to data validity with measures that can compare data across businesses of different sizes and sectors. We focused on measuring the impact of revenue changes and layoffs through percentages, in order to be able to compare across various sizes of businesses and staff. We tailored the surveys to have limited barriers to completion, as we are asking tourism operators across the province to take time to report on the impact of COVID-19 while simultaneously dealing with the unfolding crisis. The survey design allows us to track and analyze changes across spatial and political geographies. We designed the survey to allow for an analysis of the geographically specific impacts of COVID-19. By understanding the unique impacts across Ontario tourism sectors, and spatial and political geographies¹, we can develop industry informed policy recommendations that reflect the unevenness of the impacts of COVID-19.

Evidence Generation Strategy (EGS):

At TIAO, we immediately began working to ensure that as the voice of the Ontario tourism industry, we had an Evidence Generation Strategy (EGS) in place in order to develop a full picture of the rapidly changing political, economic, and social impact on the Ontario tourism industry.

The EGS is multipronged and includes stakeholder calls, direct industry consultations, and the data collected through

¹ The analysis across spatial and political geographies focuses on how the impacts of a crisis vary based on the physical location, and the ways in which different locations are regulated by specific state apparatus. For instance, COVID-19 economic recovery must reflect the unique spatial and political geographies of tourism operators whose businesses are on Crown Land in Northern Ontario.

our province wide surveys. The EGS enables TIAO to build capacity through other networked institutions and collaborate with applied research institutes. The multipronged EGS directly informs our recommendations to all levels of government. TIAO's Industry Response for Economic Recovery report details the key policy recommendations driven by evidence provided by the Ontario tourism industry.

Survey 1² prioritized measuring the scale of the immediate impact on tourism businesses and their workforce across the province the first 7 days after COVID-19 was declared a global pandemic.

Survey 2³ focused on measuring the impact on tourism businesses revenue, sales, and year over year differences for a comparative analysis. We looked at the impact to tourism workers by tracking layoffs, closures, reduced services, and the need for wage subsidies. This survey collected data on the specific policy instruments and economic tools required by tourism operators in every sector and region of the province.

Survey 3⁴ continued to measure the impact on tourism businesses revenue, sales, and year over year differences, with a targeted focus on March 2020 vs March 2019. We continued to look at the impact to tourism workers by tracking layoffs, closures, reduced services, and the need for wage subsidies. Survey 3 was expanded to track which forms of government aid tourism operators intended to apply for, in addition to what other forms of aid are required in order to ensure that tourism SMEs remain viable.

Survey 4⁵ continued to measure the impact on tourism businesses and workers by tracking layoffs, closures, reduced services, and the need for wage subsidies. Survey 4 also tracked the recent developments in the newly available government aid, focusing on which tourism operations were applying, and which businesses did or did not meet the eligibility criteria. Survey 4 was expanded to track whether tourism businesses that are temporarily closed have access to business interruption insurance, and what other forms of government aid are required to ensure that tourism SMEs remain viable.

Survey 5⁶ continued to measure the impact on tourism businesses and workers by tracking layoffs, closures, and reduced services. This survey shifted focus from looking at the need for wage subsidies and began tracking what percentage of businesses received the CEWS and what percentage of their work force was sustained.

Survey 6⁷ continued to measure the impact on tourism businesses and workers by tracking layoffs, closures, and reduced services. This survey was restructured to capture the shifts in tourism operations, as many businesses were

² Survey 1 collected data from March 12th to 16th, 2020. Survey 1 collected responses from 1,629 respondents from every sector of the tourism industry, across every region of Ontario.

³ Survey 2 collected data from March 18th to 23rd, 2020. Survey 2 collected responses from 3,457 respondents from every sector of tourism in every region of Ontario.

⁴ Survey 3 collected data from April 1st to April 6th, 2020. Survey 3 collected responses from 1,943 respondents from every sector of tourism, and across every region of Ontario.

⁵ Survey 4 collected data from April 22nd to April 27th, 2020. Survey 4 collected responses from 1,180 respondents from every sector of tourism, and across every region of Ontario.

⁶ Survey 5 collected data from May 13th to May 19th, 2020. Survey 5 collected responses from 1,002 respondents from every sector of tourism, and across every region of Ontario.

⁷ Survey 6 collected data from June 10th to June 19th. Survey 6 collected 763 responses from respondents in every sector of tourism, and across every region of Ontario.

preparing to or re-opening as part of phase 2.

Pan-provincial Adoption:

By focusing our survey design to prioritize means of comparison, data validity, and limited barriers to completion, we have been able to measure the impact of COVID-19 across all of Ontario. Our survey design has been picked up by our provincial counterparts across Canada, which allows us to compare and analyze our data across provincial jurisdictions.

Acknowledgements and Thanks:

The analysis in this report focuses on the provincial impact to the Ontario tourism industry, what economic and policy tools are required to address this, and what the overarching narrative the data is. TIAO has relied on the work of our partners to analyze the regional data from the survey, and thanks Tom Guerquin from RTO 6 and Kim Clarke from RTO 7 for their continued work to present the impact on the RTOs across Ontario. We also thank the team at the Ministry of Heritage, Sport, Tourism and Culture Industries (MHSTCI) for their work in analyzing and coding key sections of the data. Lastly, thank you to all of the tourism businesses and operators that took the time to contribute key data in the midst of a crisis.

Survey 6: Key Findings

The crux of the Findings:

While we are seeing a positive shift in the number of tourism businesses that are able to re-open, and more that are preparing to re-open in the coming weeks, there is still a significant risk that many more businesses will not survive the summer season.

With many tourism businesses and operations entering Phase 2 of the gradual re-opening of the economy, the data shows that many risks to businesses still abound. The combination of reduced operating capacity and revenues, increased costs for PPE and new safety infrastructure, and uncertainty about the return of the international visitor economy, means that many tourism businesses require the extension of the existing financial aid, as well as increased access to grants, rather than loans. The key themes that have emerged from the survey 6 data are:

- Re-opening does not mean reduced precarity for tourism businesses or workers
- Re-storing visitor confidence is an ongoing process built on open communication
- Provincial and federal economic relief will need to be continued throughout re-opening stages
- Liquidity is one of the most significant barriers, with many tourism businesses reporting the need for grants to cover revenue loss, wages, PPE, and new safety infrastructure
- The impact of COVID-19 continues to vary in intensity across certain regions and sectors, with operators in Northern Ontario battling with uncertainty over the U.S border, and many in the event sector having to postpone major work until 2021

The Gradual Re-opening

To ensure that health and safety are the top priority for the province, certain regions of Ontario entered Phase 2 before other regions. The result is that the gradual re-opening of tourism businesses reflects uneven stages based on geographic location. For Northern Ontario, re-opening is further complicated by

ongoing uncertainty about when the U.S border will open, as many Northern tourism businesses rely on the U.S visitor for up to 100% of their bookings.

The data shows the shift in the re-opening process:

- 39% of tourism businesses are reporting that they are temporarily closed. This is a significant change, as we have been seeing a consistent reporting of 60-65% of tourism businesses being temporarily closed for the past 4 months
- 1% are permanently closed due to COVID-19
- Nearly 13% are preparing to re-open
- More than 14% report that they are now re-opened after having been closed due to COVID-19

What information are consumers looking for as we rebuild their confidence?

Tourism businesses are reporting that they are fielding many calls and question from potential visitors ranging from whether they are open, what the new cleaning and safety protocols are, what amenities are open, to questions about new capacity rules in place for other guests. The most fielded questions are:

- 47% received questions around which activities are permitted and which are restricted
- 42% received questions around what the new capacity limits are
- 39% received questions around physical distancing protocols in place
- 35% received questions around what new cleaning protocols are in place

Serious Risks Abound:

Despite the re-opening and most of Ontario entering phase 2, there are still serious risks facing tourism businesses and operators. The data shows us that the risk of bankruptcy, permanent closures, and continued layoffs is still the reality for many tourism businesses. In particular:

- More than 24% are unable to pay their commercial rent or mortgage
- Nearly 20% are unable to pay their commercial utilities
- 45% are facing more employee layoffs
- 27% are unable to pay staff wages
- Nearly 14% report that they are currently at risk of closing permanently
- 33% are at risk of not being open at all for the summer season
- More than 8% of tourism businesses are currently facing the risk of bankruptcy
- 78% are facing significant losses of cash flow

Despite businesses beginning to carefully re-open in certain sectors and regions across the province, we see that many are still facing serious liquidity issues, bankruptcy, and potential permanent closures.

The data indicates that tourism businesses not only need continued access to the current forms of financial aid, but in many cases expanded eligibility, as well as new forms of direct financial aid. In the following section we look at the trends in the data regarding which programs are working, where the gaps are, and what will need to be extended into the next stages of re-opening.

Is the Ontario Canadian Emergency Commercial Rent Assistance working?

The Ontario government made the critical step to pass a moratorium on commercial rent evictions for those that qualify for the Canadian Emergency Commercial Rent Assistance. However, the data shows that there is still a less than ideal number of tourism businesses that have landlords enrolling in the federal and provincial relief program.

- 8% of respondents indicated that their commercial landlord enrolled in the Ontario Canadian Emergency Commercial Rent Assistance program

The increase to 8% of tourism businesses reporting that their commercial landlord enrolled in this, shows an increase in engagement compared to when Survey 5 was released in May where the data showed that only 4% of tourism businesses were benefiting from it. However, even with this increase the data indicates that there remains a need for greater eligibility and ways to encourage landlords to enroll.

What help is coming through the Canadian Emergency Wage Subsidy?

Survey 6 continued to track which tourism businesses are accessing the Canadian Emergency Wage Subsidy (CEWS) and how effective it is for sustaining portions of the tourism workforce:

- 12% of tourism businesses are using CEWS to sustain 1-10% of their workforce
- 3% of tourism businesses are using CEWS to sustain 41-50% of their workforce
- 6% of tourism businesses are using CEWS to sustain 91-100% of their workforce

The numbers show that tourism businesses that are eligible are using this, however there are reports that it is difficult to top up the remaining 25% of the wages when many businesses are in a liquidity crunch.

- 24% of tourism businesses indicated that they did not apply as they are not eligible for CEWS
- 38% of tourism businesses have indicated they will require ongoing access to CEWS to remain economically viable

What forms of aid need to be added/continued:

- 43% of tourism businesses have indicated they require direct grants to cover the costs of PPE and infrastructure upgrades to be compliant with new COVID-19 operating procedures
- 31% report the need for increased access to interest free loans
- More than 36% report the need for increased access to direct financial aid
- 34% need debt forgiveness

- 29% require information about when and how the U.S border will re-open
- 56% report that the current financial aid that has been made available through the provincial and federal levels is not sufficient for businesses to remain economically viable

Maintaining the industry through historic losses:

The data we have collected on the impact of COVID-19, beginning from March 12th, has shown us that the losses, as measured by layoffs, permanent and temporary closures, and drastically reduced revenue, represent truly historic losses of the tourism and hospitality industry.

The purpose of collecting and analyzing the impact month over month, is so that TIAO can continue to represent the entire complicated picture to the policy makers at both the provincial and federal levels.

Our job is to ensure that as many tourism businesses as possible remain economically viable throughout the COVID-19 pandemic, and all the subsequent stages of re-opening. In order to communicate what policy and financial tools are required, we must understand, what the need is from industry, how it varies by sector and region, and where the thresholds are for businesses that are fighting off bankruptcy. Data is the key to our advocacy efforts, and allows us to push for nuanced policy tools from government, and greater capture of the most vulnerable segments of the Ontario tourism industry.

Key quotes from the industry on the most significant impact of COVID-19 to tourism businesses across the province:

“Businesses permanently closed due to the COVID measures. For trails, local businesses and main streets are important staging areas and points of interest. Loss of momentum on key government priorities to support province-wide cycle network, which we need now more than ever.”

“Losing relevance. Refunding tours and gift certificates.”

“Inability to gain consumer confidence to hold live events”

“The stress of opening is almost more insurmountable than the stress of not being able to open. There is great inconsistency in the messaging”

“Whether I'll be able to reopen at all, especially because my tours rely of international travellers. Local market alone will not support my business.”

“Long term ability to continue once subsidies fall off and rent arrears are demanded. We expect a significant decline in sales even after fully reopened. We are also seeing significant increase in costs of goods that are very difficult to pass along to customers. We operate in a very low profit margin industry. We need long term changes to small business tax rate, the ability to expense principle portions of our loans and rebates on HST and payroll taxes long term to have any chance of viability long term”

“We have come to terms with losing this year’s season and believe that COVID-19 is a long term issue we must live with and manage. Our greatest concern, is that we (our company and the Northern Ontario tourism industry as a whole) will not have access to the resources necessary to not only weather the storm (sort of speak) but, to prepare for what could be above average post pandemic growth. We have the greatest wide open spaces on earth, don't we? Pure, pristine and natural. We need to position Northern Ontario as a COVID Resilient Zone and turn what looks to be a catastrophe into an opportunity. It will take investment to do that, both government and private sector investment. Our greatest concern... we will miss the opportunity that is before us!”

“The financial impacts and staff layoffs have been significant to our business. Our greatest concern is being able to recover and be able to not permanently close, specifically at our community museum.”

“Even if travel restrictions ease, for travel agencies it will still be some time before we are able to return to normal. My greatest concern is COVID-19 state of emergency will have ended and benefits/subsidies terminated but the travel agencies will still be unable to reopen/bring back staff.”

“The long term effects of having bills and now loan payments with a reduced amount of tourists”

“Our greatest concern is that with the border remaining closed, that takes away about 90% of our clients. Even with being open and being allowed to have Canadian clients come in doesn't come close to making up the most Americans and the lost time. Even with the 40 thousand interest free loan that only cover such a short term of the cost associated with being open. Without more government assistance we may make it through the season but may not make it through the off season into next season.”

“Insurmountable debt - result of having to secure loan to carry us through to next season and cover 12 months of expenses with zero revenue...”

Appendix A

6.0 COVID 19 Impact on Ontario Tourism Operations Coded Summary

Q3. What is the current status of your tourism business or operation?

All Responses

Status	Count	%
Temporarily closed	296	39%
Re-opened after closing	112	15%
Open	110	14%
Preparing to re-open for Stage 2 on Friday, June 12 at 12:01 a.m	97	13%
Permanently closed	10	1%
Other (please specify)	135	18%

Other please specify

Status	Count	%
Closed but preparing/planning to open (i.e. later this summer/fall, when border opens, when stage 2 opens)	56	41%
Partially open/limited operations/reduced capacity	47	35%
Closed for the season	8	6%
Festival/Event cancelled/postponed to 2021	8	6%
Working from home	8	6%
Other	8	6%

Q4. What are the considerations and questions you are fielding from potential visitors to your business. Select all that apply.

All Responses

Questions	Count	%
Questions around activities that are permitted or restricted	359	47%
Questions around limits to capacity	323	42%
Questions around physical distancing	296	39%
Questions around new cleaning protocol	268	35%
My tourism business/operation is not open	215	28%
General questions or comments about COVID-19	179	23%
Questions around new staff procedures	148	19%
None	35	5%
N/A	24	3%
Other (please specify)	129	17%

Other please specify

Questions	Count	%
Why isn't the US border open/When will border open?	30	23%
When will activities/facilities open (i.e. trails, beaches, outdoor spaces, tours, bathrooms)	14	11%
Are you open/What are hours/When will you open?	8	6%
Multiple questions listed (variety)	8	6%
Can we get refunds/What are cancellation policies?	7	5%
When will events occur?	6	5%
Status of food services?	5	4%
What are health/safety protocols?	4	3%
No questions being asked	2	2%
What are provincial border crossing rules?	2	2%
When can we transient camp?	1	1%
Other	42	33%

Q5. Please indicate the risk your tourism business is facing presently. Select all that apply.

All Responses

Risk	Count	%
Significant loss of cash flow	584	77%
Employee lay offs	335	44%
Closing your business temporarily	310	41%
Unable to open for the summer season	252	33%
Unable to pay staff wages	205	27%
Unable to pay commercial rent or mortgage	183	24%
Insurmountable debt levels	174	23%
Unable to pay commercial utilities	149	20%
Closing your business permanently	104	14%
Unsure who has the authority to grant me permission to re-open	104	14%
Unable to pay staff sick leave	78	10%
Bankruptcy	65	9%
Unable to cross the US border in order to open by business in Ontario	53	7%
Other (please specify)	131	17%

Other please specify

Risk	Count	%
Safety protocols	20	15%
Operating at a loss	18	14%
Rising debt	17	13%
Loss of US/Overseas Customers	15	11%
Staffing shortages	14	11%
Cancellations and refunds	12	9%
Customer confidence	7	5%
None	7	5%
Unable to pay insurance, taxes	5	4%
Maintenance / Expansion on hold	4	3%
Uncertain future	3	2%
Stress	1	1%
Other	8	6%

Q9. What other forms of aid/resources do you require during COVID-19? Select all that apply.

All Responses

Aid/Resources	Count	%
Grants to cover the infrastructure costs and PPE required for re-opening	327	43%
Continued and extended access to the Canadian Emergency Wage Subsidy (CEWS)	287	38%
Increased access to direct financial aid	278	36%
Debt forgiveness	258	34%
Information on when and how you will be able to re-open your business	249	33%
Increased access to interest free loans	235	31%
Information on when and how the border will re-open to the US	219	29%
Greater access/eligibility to the Canadian Emergency Commercial Rent Assistance	82	11%
None	58	8%
N/A	52	7%
Other (please specify)	97	13%

Other please specify

Aid/Resources	Count	%
Grants not loans	12	12%
Long term recovery assistance	11	11%
CERB extension	10	10%
Tax relief	10	10%
Time-line for expanded gatherings	10	10%
CEWS expansion	7	7%
Marketing supports	5	5%
Rent/mortgage relief	4	4%
Compensation from lost revenue	3	3%
None	3	3%
Financial supports for Arts sector	2	2%
Re-opening assistance and assurance	2	2%
Too early	2	2%
Access to CEWS	1	1%
Border opening information	1	1%
CEBA assistance	1	1%
Expanded travel guidelines	1	1%
Municipal/local programs	1	1%
Staffing assistance	1	1%
Other	10	10%

